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WEST EUROPE REPORT

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CONTENTS

THEATER NUCLEAR FORCES

NETHERLANDS

D'66 Votes Against Present Stationing of Medium-Range Missiles (NRC HANDELSBLAD, 3 Nov 80)	1
Cost Effectiveness To Determine Stationing of Awacs (NRC HANDELSBLAD, 30 Oct 80)	2

NORWAY

Steen Views Nordic Nuclear-Free Zone Proposal (Reiulf Steen Interview; ARBIDERBLADET, 8 Dec 80)	4
--	---

ENERGY ECONOMICS

FEDERAL REPUBLIC OF GERMANY

Fuel Oil Downward Price Trend Indicated (DIE WELT, WELT DER VIRTSCHAFT, 4 Oct 80)	6
Varying Energy Predictions for Year 2000 Given (ATOMWIRTSCHAFT-ATOMTECHNIK, Nov 80)	7
Completion Dates of Scheduled New Power Plants Listed (ATOMWIRTSCHAFT-ATOMTECHNIK, Nov 80)	10

NORWAY

Briefs	
Electricity Imported From USSR	14
Electricity Consumption Declines	14

COUNTRY SECTION

INTERNATIONAL AFFAIRS

Swedish Minister Sees Need for Strong Danish Defense (Christian Broendum; BERLINGSKE TIDENDE, 22 Nov 80)	15
---	----

Briefs	
UN Resolution on French Islands	16
Norway-FRG Submarine Agreement	16
Swedish-Norwegian Economic Cooperation	16

AUSTRIA

SPOE Attacks Bank of Issue Hard Currency Policies (NEUE ZUERCHER ZEITUNG, 6 Nov 80)	17
--	----

CYPRUS

President Opens New Paralimni Hospital (CYPRUS MAIL, 30 Nov 80)	21
Michailidis: Turkey Holds Key to Talks (CYPRUS MAIL, 2 Dec 80)	22
Afxendiou: Nothing to Worry About (THE CYPRUS WEEKLY, 21-27 Nov 80)	23
Feasibility of Socialized Medicine Considered (CYPRUS MAIL, 30 Nov 80)	24
Men Paid Higher Than Women (THE CYPRUS WEEKLY, 21-27 Nov 80)	27
Briefs	
Kittis' Tour	28

DENMARK

Government Meets Problems in Staffing Security Council (Poul Moller; BERLINGSKE TIDENDE, 11 Nov 80)	29
Foreign Debt Load Continues To Be Increased (Frank Dahlgaard; BERLINGSKE TIDENDE, 14 Nov 80)	30
Greenland Landsting Completes 1981 Budget After Debate (GRONLANDSPOSTEN, 6 Nov 80)	33
Company To Begin East Greenland Oil Exploration (Michael Rastrup Smith; BERLINGSKE TIDENDE, 15 Nov 80)	35
Briefs	
Confidence for Defense Budget Support	38
Polish Refugee Problem	38
Fewer Jobs Open	39
Greenland EC Subsidy Debate	39

FEDERAL REPUBLIC OF GERMANY

SDP Left Critical of Schmidt's Policies (DER SPIEGEL, 17 Nov 80)	40
Coalition Agreements Policy Toward GDR	
NATO Problems Require Stocktaking, Forward Look (Ulrich Mackensen; FRANKFURTER RUNDSCHAU, 11 Dec 80)	45
Weinstein Views West's Gulf Strategy (Adelbert Weinstein; FRANKFURTER ALLGEMEINE, 16 Dec 80)	47

GREECE

Economic Benefits Expected From EEC Accession (ATHENS NEWS, 25 Nov 80)	50
---	----

ITALY

Commentary on Disparity of EEC Agricultural Policy (Gian Paolo Cesaretti; RINASCITA, 31 Oct 80)	52
--	----

NETHERLANDS

Government Okays Use of Tear Gas by Police, Constabulary (NRC HANDELSBLAD, 30 Oct 80)	56
Den Uyl Favors European Policy Opposing 'U.S. Militarism' (J. M. den Uyl; NRC HANDELSBLAD, 2 Dec 80)	57
CDA Congress Marked by Political 'Window Dressing' (Piet Goosen; ELSEVIERS WEEKBLAD, 18 Oct 80)	63

NORWAY

Parties Debate Future of Statoil (Hans Chr. Erlandsen; AFTENPOSTEN, 8 Nov 80)	67
Briefs	
Wage Proposal Threatens Employment	73
Debate on Economic Democracy	73

PORTUGAL

Political Trends, Prospects for Future of Revolutionary Council (Ernesto Augusto de Melo Antunes Interview; Paris Domestic Service, 5 Dec 80)	74
---	----

SWEDEN

Briefs

Southern African Projects Funded	76
Pakistan Disqualified for Aid	76

TURKEY

Threat to Rights of Thracian Turks Examined (Editorial, Ali Sirmen; CUMHURİYET, 13 Dec 80)	77
---	----

D'66 VOTES AGAINST PRESENT STATIONING OF MEDIUM-RANGE MISSILES

Rotterdam NRC HANDELSBLAD in Dutch 3 Nov 80 p 1

[Text] Utrecht, 3 Nov--Within D'66 problems concerning the modernization of nuclear arms have temporarily been cleared up. The general membership meeting of the Democrats declared itself against stationing medium-range missiles on Dutch soil "under the present circumstances" last Saturday in Utrecht when it accepted an amendment introduced by Bischoff.

This prevented serious differences of opinion which threatened between the IKW-wing (named after the Interdenominational Peace Council) and the "room-for-discussion"-wing (Brinkhorst and his followers). Although many speakers at the meeting, which was attended by more than 4,000 visiting members, completely rejected possession of nuclear arms, an appeal by a number of very important party members to refrain from definite commitments apparently led to acceptance by an overwhelming majority of the Bischoff compromise.

Tommel, a member of the provincial congress of Drente, also supports the amendment. A motion sponsored by him caused the intensification of the nuclear debate inside the D'66 during the congress of 1 December 1977.

At that time the party declared itself squarely against the installation of new NATO nuclear arms on Dutch soil. That point of view caused Brinkhorst a lot of problems. Tommel declared Saturday that the Bischoff amendment embodied the most important elements of his December motion. But Brinkhorst can also go along with the new wording.

According to the accepted text the Netherlands must continue to convince its NATO partners that limited inferiority to the Warsaw Pact forces is acceptable to create the best possible conditions for discussions on arms limitations. The Dutch must also introduce the subject of nuclear weapons in circles outside the accepted NATO channels (United Nations, Scandinavian Countries, Poland, Romania).

10319

CSO: 3105

COST EFFECTIVENESS TO DETERMINE STATIONING OF AWACS

Rotterdam NRC HANDELSBLAD in Dutch 30 Oct 80 p 3

[Text] Rotterdam, 30 Oct--Cost effectiveness research will determine if Brunssum in The Netherlands or Bergen (Mons) in Belgium is the most suitable location for the headquarters of the American flying radar aircraft (Awacs) in Europe.

This was decided in the management council of the Awacs task force, a body for discussions between the nations involved in the project of the flying radar stations. According to the Dutch member of the council, Mr W. J. M. A. Russel, a decision on the definitive location will be made within 3 years.

He said: "The Netherlands remains a strong advocate of Belgian participation in the aircraft portion of the project." Belgium is willing to extend facilities to accommodate the command control center but, because of the high cost, it is not interested in taking part in the financing of the aircraft.

The Teveren airbase near Geilenkirchen in West Germany, close by the Dutch border, is designated as home base for the 18 Awacs, which cost more than 250 million guilders per piece.

As part of Afcent, in nearby Brunssum in southern Limburg, a special team of managers and military experts (Napma) has for some time been busy with preparations to station the aircraft.

Close by Shape

The American Awac commander, general Palmerton, installed himself in the meantime near Shape, the European headquarters of the NATO armed forces in Bergen in Belgium. Away from the buildings of the actual headquarters he has already installed a staff of 50 specialists in temporary quarters.

It is being said that Bernard Rogers, NATO's supreme commander, likes to have the Awac command post close by Shape so that data from the new radar system can flow directly to the central command posts. However, a "third country", probably West Germany, is said to have a strong preference for Brunssum.

Noise Pollution

The Teveren airbase is 1,750 meters from the village center of the Dutch municipality Schinveld. In reply to emotional protests against threatening noise pollution by the Awacs, State Secretary of Defense Van Eekelen promised last year employment for 500 local workers. Is not the coordination center to be located in nearby Brunssum?

10319

CSO: 3105

STEEN VIEWS NORDIC NUCLEAR-FREE ZONE PROPOSAL

LD181505 Oslo ARBIDERBLADET in Norwegian 8 Dec 80 p 6

[Interview with Norwegian Labor Party Chairman Reiulf Steen by Thor Viksveen: "The Little NATO Nations Must Pull Together"]

[Excerpt] [Question] The international section of the Labor Party's draft manifesto in particular has received a great deal of attention. The proposal to turn "Scandinavian areas" into nuclear-free zones is seen as an important contribution to work for detente and disarmament. However, it all depends on how "Scandinavian area" is to be defined geographically. Will it also include the Soviet Union's tactical nuclear arms on the Kola Peninsula and in the Baltic area?

[Answer] I see that a number of critics of our proposal have called it too vague. However, part of the very point of it is that it should be elastic, that we do not want to tie ourselves to definite models when it comes to the geographical extent of the zone and to the types of arms affected. We must seize the chance of disarmament every time it presents itself, in this area. We will be able to develop our own idea and we will be able to follow other proposals without being fettered to any particular model. What is important is that we show willing to assume responsibility for our own immediate environs and do not dismiss the possibility that they could form the starting point for nuclear disarmament initiatives.

It is said that it is unrealistic to include the Kola Peninsula in a nuclear-free zone. I agree, if we are talking about strategic nuclear arms. However, there are arms on the Kola Peninsula and in the Baltic area both under water and on land which are aimed directly at the Scandinavian area. We must at least be able to make these the object of negotiations.

[Question] At the beginning of the seventies Norway made an initiative to break up the bloc of industrialized nations in negotiations with the developing countries, the so-called North-South negotiations, by establishing cooperation between the small- and medium-sized industrialized nations. This included Belgium, the Netherlands, Denmark and Norway. In these countries all of which are NATO nations, there is at present a hectic debate on detente and disarmament. Is there any possibility of establishing similar cooperation with these nations to speed up work for disarmament within the NATO Alliance?

[Answer] I believe that one of the most characteristic features of the eighties' international developments will be that Western Europe will appear as a much more independent factor in world politics. If this view is correct it must also follow that the small- and medium-sized nations in Western Europe will play a role within this new pattern. However, it is also important that the small nations in the East and the West together make it clear that they have a wish to influence developments which affect them to such a large extent. It is a fact that it is against these countries that the most destructive arms are directed.

Cooperation of the type mentioned ought to start on the foundation of political parties by establishing contacts between the Social Democratic parties in Belgium, Netherlands, Denmark and Norway.

[Question] Is it a goal for the smaller NATO nations to make disarmament initiatives as a group within the Alliance?

[Answer] Things have not gone far enough for it to be possible to say anything about that today. The small NATO nations have many common interests, but different strategic positions. For my own part I see any idea of creating a bloc of small nations within NATO as doubtful.

[Question] Foreign Minister Knut Frydenlund is about to make an official visit to the Soviet Union this month. What expectations do you have with respect to this visit in relation to the work for detente and disarmament?

[Answer] A few weeks ago I viewed the visit with great optimism. I still hope that it will be possible to hold talks which could make a contribution to strengthening the bilateral relations and which could perhaps lay a foundation for joint efforts toward detente and disarmament. However, I will say that this is entirely dependent on how things develop with regard to Poland. Everything we are now discussing would be out of the question if there were to be events of a military nature vis-a-vis Poland. The situation is now so tense, that I would make this reservation.

[Question] Are you pessimistic bearing in mind developments in Poland and a possible Soviet invasion?

[Answer] No comment.

CSO: 3178

FUEL OIL DOWNWARD PRICE TREND INDICATED

Bonn DIE WELT, WELT DER WIRTSCHAFT (Supplement) in German 4 Oct 80 p 9

[Article: "Heating Oil Price Trend Pointing Downward"]

[Text] Hamburg--In the opinion of traders, the brief upward price trend for light heating oil will soon come to an end. Spokesmen for the industry informed DDP that on Wednesday import prices had fallen by \$8 to \$315 per ton; the following day they fell again, this time by almost \$12 per ton. The price was declining because there was no significant demand.

September sales were close to 5 million tons. Since the tanks of private consumers had already been filled pretty much to capacity during the September replenishment action, traders expected only limited sales of heating oil in October. They will probably reach an "even 50 percent" of the September total.

Right now, the demand in the FRG had "practically" come to a standstill. Importers would get nervous and roll back prices. Consequently, a drop in the price of heating oil is to be expected. The average price for the consumer is somewhere around 51 pfennigs per liter without value-added tax for a purchased quantity of between 3,000 and 5,000 liters. The lowest price for this year was recorded in the middle of August, when it was a fraction below 50 pfennigs per liter.

Oil consumption is declining worldwide. According to calculations by German Shell AG in Hamburg, last year's per-capita consumption of petroleum products (excluding air and sea transport) in Europe, the United States and Japan was up to 15 percent lower than it was in 1973, the last year of extremely low oil prices. In recent years, consumption in the United States dropped from 4,610 to 4,130 liters. Per-capita consumption in the FRG in 1979 was only about 2,700 liters compared to as much as 2,860 liters 5 years earlier--a decrease of slightly more than 4 percent. But even Japan, whose appetite for energy was insatiable only a short time ago, in 1979 consumed only 2,540 liters compared to 2,700 6 years earlier.

8991

CSO: 8120

VARYING ENERGY PREDICTIONS FOR YEAR 2000 GIVEN

Duesseldorf ATOMWIRTSCHAFT-ATOMTECHNIK in German Nov 80 p 567

[Text] In its 1979/1980 activity report, the VGB--Technical Association of Large Power-plant Operators, e.V.--presents a summary in tabular form of the most important predictions advanced since 1977 for conditions in the FRG in the year 2000, in particular for the electricity consumption (Table 1), the growth rates of electricity consumption (Table 2), the needed power-plant capacity (Table 3), and the nuclear power-plant capacity required for this (Table 4).

Table 1: The Most Important Predictions Advanced Since 1977 for the FRG's Electricity Consumption in the Year 2000

A) Proposal		B) Stromverbrauch	D)
		C) TWh	
E) 1	Alternativszenarium (Eppler)	580	Average
2	Hauff	602-622 (Mittelwert 746)	
F) 3	DIW/EWR/RW	800-900	Average
G) 4	ASA-AGF	770-960	
5	Lenhardt	625-797	Average
6	DIW	670-750	
7	Shell	648	Average
H) 8	BP	975	
9	Fichtner	691	Average

Key: A. Prediction
 B. Electricity consumption
 C. Terawatt hours
 D. Average
 E. Alternative scenario (Eppler)
 F. German Institute for Economic Research/Electric Heating Institute/Rhine-Westphalia Institute for Economic Research
 G. Association of Large-scale Research Institutions/Applied Systems Analysis
 H. Gasoline and Petroleum AG
 (Source: VGB)

Table 2: The Most Important Predictions Advanced Since 1977 on the Growth Rates for Electricity Consumption up to the Year 2000 in the FRG

Propose A)	B) Zuwachsraten		
	1980-1985 %	1985-1990 %	1990-2000 %
	C)		
1. Hauff	2,3-4,5 (Mittelwert 3,3)		
2. ASA/AGF	4,6	3,5	?
3. Lenhardt	3,4	4,0	4,0
4. DIW	3,6-4,2	3,2-3,6	2,3-2,8
5. Shell	4,0	4,0	1,5
6. BP	3,5	4,0	4,0

Key: A. Prediction
B. Growth rates
C. Average

(Source: VGB)

Table 3: The Most Important Predictions Advanced Since 1977 on the Power-plant Capacity Needed in the Year 2000 in the FRG

A) Propose	B) Benötigte Kraftwerkskapazität	
	C) GW	
1 ASA/AGF	152-180	
2 Lenhardt	136-173	
D) 3 Institute	160-175	
4 DIW	136-150	
5 Shell	131	
6 BP	175	

Key: A. Prediction
B. Needed power-plant capacity
C. Gigawatts
D. The three institutes

(Source: VGB)

Table 4: The Required Nuclear Power-plant Capacity in the FRG in the Year 2000
According to the Most Important Predictions Advanced on This Since 1977

Prognose A)	B) Kernkraftwerksleistung C) GW
1. ASA/AGF	88-93
2. Engstromann	90-96
3. Lenhardt	41-76
4. 3 Institute D)	75
5. DIW	50-58
6. Shell (erwartete Kapazität) E)	35
7. Esao	70
8. BP	100

Key: A. Prediction
B. Nuclear power-plant output
C. Gigawatts
D. The three institutes
E. (expected capacity)

(Source: VGB)

12114

C50: 3103

COMPLETION DATES OF SCHEDULED NEW POWER PLANTS LISTED

Duesseldorf ATOMWIRTSCHAFT-ATOMTECHNIK in German Nov 80 p 568

[Text] Source: Association of Power Production Industries (VIK).

Note:

In their answers to the VIK poll, the operating companies pointed out that the realization of their plans depends both on the future trend of electricity consumption and on the course taken by the licensing procedures.

Plans for Initial Startup by 1985

1980

Isar-Amper, Nausham, 100-MW extra-light fuel oil, preliminary approval applied for
HEW [Hamburgische Elektrizitaetswerke], Hamburg-Moorburg, 160-MW gas turbine, natural gas/extra-light fuel oil

1981

Bayernwerk, Grafenrheinfeld, 1300-MW nuclear power, under construction
Steag/VEW [Vereinigte Elektrizitaetswerke Westfalen], 747-MW hard coal, under construction
Neckarwerke, Wahlheim, 120-MW fuel oil, licensing applied for

1982

NWK [Nordwestdeutsche Kraftwerke AG]/HEW, Kruemmel, 1316-MW nuclear power, under construction
Saarbergwerke, Voelklingen, 230-MW hard coal, under construction
GKM [Grosskraftwerk Mannheim], Mannheim-Neckarau, 475-MW hard coal, under construction
EW [Elektrizitaetswerk] Mark, Elverlingsen, 315-MW hard coal, under construction
Steag/RWE [Rheinisch-Westfaelisches Elektrizitaetswerk], Steag, Voerde A and B, two 707-MW hard coal, under construction, third TEG [partial construction permit] contested, Muenster Higher Administrative Court

EW Mark, Herdecke, 215-MW (two 75-MW gas turbines with waste-heat utilization in the 65-MW intermediate-pressure turbo-generator), natural gas/extra-light fuel oil, lawsuit now before the administrative court

1983

Bayernwerk/RWE, Gundremmingen B and C, two 1310-MW nuclear power, under construction

EW Mark/VEW, Hamm/Uentrop, 300-MW nuclear power, under construction

Saarbergwerke/Badenwerk/Bayernwerk/EVS (Energieversorgung Schwaben AG), Bexbach, 750-MW hard coal, under construction

1984

Badenwerk/EVS, Philippsburg II, 1362-MW nuclear power, under construction

Preag/Interargem, Grohnde, 1361-MW nuclear power, under construction

EVS, Heilbronn, 720-MW hard coal, licensing procedure initiated

Badenwerk, Karlsruhe, 550-MW hard coal, construction permit applied for

Neckarwerke, Altbach, 460-MW hard coal, licensing procedure initiated

TWS [Technische Werke der Stadt Stuttgart], 100-MW gas turbine, natural gas/ extra-light fuel oil

1985

RWE (70 percent), Kalkar, 346-MW nuclear power (fast breeder), under construction

RWE, Muelheim-Kaerlich, 1295-MW nuclear power, under construction

Stadtwerke Duesseldorf, Duesseldorf-Lausward, 300-MW hard coal, first TEG under consideration

GFA [expansion unknown], Erlangen, 750-MW hard coal, land-use planning procedure initiated

Bewag, Reuter West, two 300-MW hard coal, construction permit applied for

Preussag/RWE, Ibbenbueren, 740-MW hard coal, licensing applied for

Isar-Amper, Zolling-Anglberg, 450-MW hard coal, land-use planning procedure initiated

Steag, Dorsten, two 707-MW hard coal, operating permit under consideration

VEW, Werne-Stockum, two 750-MW hard coal, unit 1 under construction (for unit 2 preliminary approval applied for, initial startup 5 years after license granted)

Plans for Initial Startup After 1985

HEW/MWK, Brokdorf, 1365-MW nuclear power, first TEG contested (initial startup planned for 1986/87)

VEW/EW Mark, Lingen, 1300-MW nuclear power, first TEG applied for (1987/88)

Bayernwerk/Isar-Amper/Stadtwerke Muenchen, Ohu II, 1300-MW nuclear power, first TEG applied for (1988)

RWE, Biblis C, 1303-MW nuclear power, first TEG held up (1989)

RWE/Pfalzwerke, Nuepitz A, 1330-MW nuclear power, licensing applications made (1989/90)

RWE, Vahnum/Lower Rhine, 1303-MW nuclear power, licensing applications made, procedure is in abeyance because of coal-priority policy in North Rhine-Westphalia (date cannot be set for initial startup)

VEW/EW Mark, Hamm, 1300-MW nuclear power, first TEG applied for (initial startup 6 years after license is granted)

RWE/LEW (Lech-Elektrizitaetswerke AG), Rahring, 1300-MW nuclear power, land-use planning procedure applied for (date cannot be set for initial startup)

Radenwerk/EVS, Vnvl, 1300-MW nuclear power, first TEG granted, contested (date cannot be set for initial startup)

RWE, Neurath, two 600-MW brown coal, licensing applied for (1986/87)

RWE, Goldenberg-Werk, two 600-MW brown coal, licensing applied for (1986/87)

RWE, Essen-Karnap, refuse/activated sludge/hard coal, licensing applied for (1985/86)

Steag, Luenen, 747-MW hard coal, licensing procedures now under way (1986)

Steag, Herne, 747-MW hard coal, licensing procedures now under way (1986)

Steag, Walsum, 350-MW hard coal, licensing procedures now under way (1986)

Steag, VEW, Steag, Bergkamen B, 747-MW hard coal, operating permit under consideration (1987)

Steag, Hiddingsel near Coesfeld, two 747-MW hard coal, licensing procedures are now under way (after 1987)

Steag, Alpen near Borken/Westphalia, two 747-MW hard coal, licensing procedures now under way (after 1987)

VKR [VEBA Kraftwerke Ruhr AG], Scholven A, 740-MW hard coal, preliminary approval and first TEG contested (date cannot be set for initial startup, depends on power demand)

BASF [Badische Anilin- und Sodafabrik]/VEW, Marl, 750-MW hard coal, preliminary approval applied for (initial startup 5 years after license is granted)

VEW, Datteln/Waltrop, two 750-MW hard coal, preliminary approval applied for (initial startup 5 years after license is granted)

VKR, Dortmund-Mengede, 740-MW hard coal, licensing procedure initiated (initial startup dependent on power demand)

VKR, Altenkirchen, two 700-MW hard coal, siting studies, land-use planning procedure initiated

VKR, Altenkirchen, two 55-MW traction power, hard coal, siting studies

VKR, Hessler, four 740-MW hard coal, siting studies

VKR, Springorum, two 740-MW hard coal, siting studies

VKR, Westerholt, 740-MW hard coal, siting studies

VKR, Bergmannsglueck, two 70-MW oil/gas, siting studies

VKR, Recklinghausen, two 70-MW oil/gas, siting studies

VKR, Zweckel, two 70-MW oil/gas, siting studies

12114

CSO: 3103

BRIEFS

ELECTRICITY IMPORTED FROM USSR--(Norak Telegram Byra)--During the last 8 weeks importation of energy from Sweden and the USSR has made up for 25 percent of the energy consumption in the northern power grid system, which reaches from Vestfjorden to Kirkenes. The importing will continue in order to insure electrical supply until the spring. Most of the imported power from Sweden via Skjomen in Ofoten is returned to the Swedes again from Norway further south. [Text] [Oslo AFTENPOSTEN in Norwegian 10 Dec 80 p 4]

ELECTRICITY CONSUMPTION DECLINES--The Central Office for Statistics shows in its electricity report that the net domestic consumption for the third quarter has declined by 6 percent in comparison to the same period last year. If consumption from electric steam generators is excepted, the total consumption from permanent power stations has declined 3.9 percent in that period. In the first three quarters of this year the total power consumption has declined by 0.6 percent from the same period in 1979. Power consumption in both the forest industry and in energy-intensive industry has declined in 0.4 percent. In the last four quarters the total energy consumption rose by 0.8 percent from the same period a year earlier, while consumption from temporary electric steam generators has gone down by 1.7 percent. [Text] [Oslo AFTENPOSTEN in Norwegian 12 Dec 80 p 25]

CSO: 3108

SWEDISH MINISTER SEES NEED FOR STRONG DANISH DEFENSE

LD151013 Copenhagen BERLINGSKE TIDENDE in Danish 22 Nov 80 Part 1 p 2

[Christian Broendum report: "Swedish Concern Over Scandinavia's Defenses"]

[Text] Stockholm—"It is clear that a weakening of Danish defenses could mean increased tension in Scandinavia," Swedish Defense Minister Erik Kroenmark said at a meeting with Danish journalists in Stockholm. He also let it be known that Sweden intends to increase its defense spending, even though there are to be cuts in public spending.

"It is obvious that the strength of the Danish defenses are of significance for the military balance in our area. I am not alone in saying this," Erik Kroenmark added. He did not want to condemn the Danish Government's defense proposals in as many words but said, "Militarily Scandinavia has been the quietest part of Europe for a long time. This confirms the fact that we have up to now had the right military relationship between the Scandinavian countries. If there are changes here the risk of the superpowers' intrusion grows, as do the risks of increased tension. I would like to say here that it should be in our common interests to keep tension at as low level as possible. The Swedish philosophy is that the stronger the defense, the greater its peace-preserving effect. This is true of Sweden which is a nonaligned nation. I will not point the finger at Denmark, but I will dare to state that this is also true for nations which are part of an alliance."

Without mentioning any specific figures Erik Kroenmark made it clear that there is a security and military need to increase Swedish defense spending when Sweden has to decide in 1982 on a new 5-year defense plan. The Riksdag has just rejected a Social Democratic proposal to cut defense spending by 500 million kronor per year. The Swedish defense force comprises almost 800,000 men and is therefore around 8 times larger than the Danish defense combat strength.

CSO: 3106

BRIEFS

UN RESOLUTION ON FRENCH ISLANDS—The UN Special Political Committee (which has the same composition as the General Assembly) adopted Monday 25 November a resolution demanding the "restoration" to Madagascar of the "scattered islands"—Glorieuses, Juan-de-Nova, Europa and Bassas-de-India. The resolution was passed by 83 votes to 13 (the Europe of the nine, except Denmark and Ireland, plus Greece, the United States, Guatemala, Honduras, Morocco and Senegal), with 32 abstentions. These islands under French sovereignty, located in the Mozambique channel, are administered from Reunion; during the colonial period they came administratively under Madagascar, from which, the resolution states, they are "arbitrarily separated." France does not intend to give up these islands totaling about 17 sq km. The government regards the resolution as interference in its internal affairs. It emphasizes that there is no geographical continuity between the scattered islands and Madagascar, which is several hundred kilometers away; that there is no colonization problem, the only residents being French meteorologists; that France has exercised its sovereignty continuously since it discovered the scattered islands; and that its sovereignty has been disputed only recently (1976). Moreover, the Madagascar Government handed the land registers over to France in 1962. The Island of Tromelin, east of Madagascar, which is claimed by Mauritius, is not covered by the vote. [Text] [LD150923 Paris LE MONDE in French 27 Nov 80 p 9]

NORWAY-FRG SUBMARINE AGREEMENT—A multi-billion industrial agreement is now in the offing after Norwegian and West German authorities reached a breakthrough in their negotiations on a "submarine package." It has been agreed that Norway will order its new submarine fleet from West German shipyards while at the same time the Germans will buy advanced computer equipment for their own submarines from Norway. The agreement will be the biggest Norway has entered for defense materiel since the F-16 project, AFTERPOSTEN was told. The political breakthrough in the talks came on 18 November through direct contact between defense ministers Thorvald Stoltenberg and Hans Apel and last Thursday [27 November] a Defense Ministry representative visited Bonn to discuss the main points in a framework agreement which is expected to be ready in a few weeks. Around the same time as the breakthrough two competing German shipyards completed a preparatory study for the building of new submarines for Norway. The study is at present being evaluated by the naval quartermasters administration. [Excerpt] [LD151623 Oslo AFTENPOSTEN in Norwegian 29 Nov 80 p 20]

SWEDISH-NORWEGIAN ECONOMIC COOPERATION—Swedish-Norwegian cooperation is under way once more, asserted State Secretary Trygve Tamburstuen after meeting with his Swedish colleague earlier this week. By initiating marketing cooperation among Statoil, Volvo Energy, and Swedish Petroleum a step has been taken by the Norwegian side which, it is hoped, will be followed up by Swedish industry. An industrial group headed by Pehr G. Gyllenhammar is examining the possibility of Swedish import of gas from Norway, and Volvo is working on a number of plans in Norway. [Text] [Oslo AFTENPOSTEN in Norwegian 8 Nov 80 p 5] 11,256

SPOE ATTACKS BANK OF ISSUE HARD CURRENCY POLICIES

Zurich NEUE ZUERCHER ZEITUNG in German 6 Nov 80 p 13

[Article by gr.: "Austria's Bank of Issue Under 'Left Fire'"]

[Text] Vienna, 4 Nov--Recently, for the third time within a short period of time, the Austrian National Bank reduced the refinancing ceiling for commercial banks. The first reduction took place at the beginning of September, when the ceiling was reduced by one-fifth to 80 percent, an additional reduction of 15 percent down to 65 percent was ordered at the beginning of October. Now, at the beginning of this week, the board of directors cut the ceiling to 50 percent of the original volume. It was preceded, even before summer vacations, by a reduction and finally--since July--the suspension of active open-market operations. This measure and the reduction in refinancing should have reduced the potential central bank money supply of the economy by a total of approximately 20 billion schillings. The management of the bank of issue was applying this measure to react to a situation which according to all available data had again been created by an unusually large automatic central-bank money supply caused by extraordinarily voluminous net capital imports and an unexpected influx of foreign exchange.

Continuous Influx of Foreign Exchange

The net capital import is in large part the result of refinancing operations by the controlling bank in foreign currencies for the export promotion system, which in 1980 will reach a gross amount of 38 billion schillings and a net amount somewhere between 30 and 32 billion schillings, which will be about twice as much as last year and establish a record. The net capital import will only be in small part the result of federal foreign currency operations for the financing of the budget within the preliminary framework. Other sources of foreign exchange influx cannot be determined as easily. The management of the bank of issue suspects that they are the result of a reversal in the balance of the so-called "leads and lags"--prepayments and late transfers--in the exchange of goods and services, moving from last year's column of liabilities into the 1980 column of assets; this change could have been induced in part by the high Austrian interest rate level, in part by the credit shortage which exists in this country. The bank of issue believes that actual "hot money" should not be suspected, because the schilling is not a currency that offers tax advantages.

At any rate, capital imports and other influxes of foreign exchange were responsible for the fact that the influx of foreign exchange did not subside at the end of the tourist season but that it is still continuing. In the opinion of the bank of issue, when spread over the entire year, the influx will exceed the loss of foreign exchange resulting from the deficit in current accounts (balance of payments). Furthermore, since according to the most recent estimates, the deficit should be no higher than approximately 20 billion schillings instead of the earlier predicted 25 (last year: 18) billion schillings, the bank of issue felt that its target with regard to the money-supply policy--which is the creation of money by the central bank, the amount of which should not exceed the deficit in the balance of payments--was in acute danger and it saw itself obligated to intervene. The bank of issue continues to refute vigorously the reproach--which has lately become more and more vocal--that this measure is keeping Austrian interest rates higher than is needed for the preservation of the necessary obligations, particularly toward Germany, and higher than would be desirable for domestic econopolitical considerations.

Insufficient Capital Formation and Credit Expansion

It is emphasizing the fact that the current interest level is not determined by the lack of central bank money but by the lack of savings (capital formation) and an only slowly shrinking gap between the formation of savings and the expansion of commercial credit volume by financial institutions. According to bank of issue statistics, the central bank money that was circulating in the apparatus at the end of August exceeded by almost 5 billion schillings, at the end of September still by more than 3 billion schillings and by the end of the third bank week in October (23 October) by almost 14 billion schillings the target that had been established by the National Bank; still, the money market rate did not decline from its customary level of between 11.5 and 12 percent, which actually should have been the case. The money market rate remains firm, because in spite of a slight revival in the formation of savings during the second term, for the first 9 months--at close to 35 billion schillings--it was lagging behind last year's rate by almost 24 billion schillings. The commercial credit volume, on the other hand, increased by more than 62 billion schillings, which is almost 13 billion schillings more than last year. To close the remaining gap of more than 27 billion schillings is by no means the duty of the bank of issue. It would be equivalent to an end to the relative Austrian price stability and the "hard currency policy."

Political Pressure on National Bank

The management of the bank of issue is taking credit for the fact that it succeeded through persistent "moral suasion" to have this truism more or less accepted, at least in parts of the money apparatus and here and there also outside of it among some prudent people. Other than that, however, it finds itself increasingly alone and exposed to growing political pressure favoring a revision of its course. There are several reasons for it. To begin with, dealing with market prices is not a matter of course for the general public. In Austria, the economic policy always tended to keep prices "as stable as possible," independent of market fluctuations.

There was never an exception for deposit and capital-market interests. Over the years they remained either frozen altogether or they were manipulated according to ostensibly econopolitical considerations, in favor of keeping credit interest as low as possible. In addition, a large share of the credit volume--estimates vary between 40 and 50 percent--was and still is subsidized through a vast number of interest support actions.

The confrontation with a shortage price for money is new, unfamiliar and suitable for uncovering weaknesses which to date have been hidden. This applies, above all, to residential construction and its--mostly public--carriers but also to "structurally weak" economic enterprises which now altogether tend to blame their difficulties "on the banks" or directly on the "high interest policy" of the bank of issue. Following years of incessant claims by spokesmen from the government camp, emphasizing the fact that they have been able to manage very well since the crisis of 1975--protecting the country against the adversities in the world economy--by following an independent policy, the public has difficulty understanding that autonomy has now suddenly evaporated and that the delicate interest policy must now take into consideration environmental conditions over which it has no influence. This applies also to parties and politicians, who became victims of their own propaganda and who are now only too willing to accept that which is presented to them daily by influential interested people and interest groups: complaints about the alleged consequences of the monetary policy.

Kreisky Taking Positions

Furthermore, in the government camp a process of erosion has set in, because the doubts that surrounded Minister of Finance Androsch in connection with the hospital scandal lately have also spread to the econopolitical policies which he represents. Implicitly, this also includes the policy of the bank of issue, supported by Androsch--perhaps more out of necessity than following his own inclination. Only recently, during a meeting of the SPÖ parliamentary fraction, Chancellor Kreisky seized on these doubts publicly, and the positions that he took on almost all important monetary questions were fundamentally different from those of his vice chancellor and minister for finance. They were closer to those held by a group of young leftwing economists, who originally belonged to the "brain trust" of the Vienna Chamber of Labor, moved through the institutions and recently found their way into the circle of Kreisky's inner staff. Particularly noticeable was the fact that Kreisky expressed opposition to any "monetarist economic policy" and gave the assurance that the government would not leave the economic policy to economists because, naturally, as "political economy" it falls within the jurisdiction of the government. It is not difficult to interpret this remark as a dig against Koren, the president of the National Bank, who for a long time has been considered the only econopolitically available authority by the news media and their commentators.

It fits this picture that recently, according to a reliable source, political economists close to the government have been considering measures intended to relax the National Bank Law restrictions against direct state intervention in the use of money-printing presses. Particularly the framework of article 41 of the National Bank Law, according to which the Federal Government is permitted to date

directly at the National Bank so-called cash-increasing treasury notes "for the purpose of keeping cash" during a budget year, is supposed to be doubled from the current rate of 5 percent of the federal annual gross income from public revenues (according to the respective final annual balance). In absolute figures, it would mean an increase of the framework from 10 billion schillings to 20 billion schillings, taking as a basis the final balance of 1978. Moreover, the idea is being promoted that certain large enterprises be again permitted to use commercial notes directly at the bank of issue--it had been abolished by the 1955 National Bank Law. According to the state of affairs, this direct access to refinancing by the bank of issue would benefit primarily public enterprises and large banks. Since many of these enterprises are in bad shape, the consequences can easily be imagined.

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CSO: 3103

PRESIDENT OPENS NEW PARALIMNI HOSPITAL

Nicosia CYPRUS MAIL in English 30 Nov 80 p 1

[Text]

CYPRUS CAN UNHESITATINGLY CLAIM TO HAVE QUITE A GOOD STANDARD OF HEALTH CARE VERY MUCH APPROACHING THAT OF DEVELOPED COUNTRIES, THE MINISTER OF HEALTH MR GEORGE TOMBAZOS SAID YESTERDAY.

He spoke at the opening by President Kyprianou of a new hospital unit at Paralimni village, near Famagusta, to fill the gap created by the loss of the Famagusta general hospital.

Cyprus is free from contagious and other exotic diseases contrary to what is happening in several developing countries where the price in this field is very high, he said.

The new hospital will provide service to the Kokkinohoria triangle and will benefit a population of 45,000 which after the invasion comprises a good amount of displaced persons.

The hospital unit includes out-patients clinics, clinical wards for 20 beds, X-ray section, first aid, dispensary and laboratory, maternity ward, administrative offices, blood-bank and ancillary spaces.

Its staff will comprise a head doctor, two specialist doctors, a general practitioner, a paediatrician and paramedical and auxiliary staff.

It is anticipated that more additions will be made and regular visits by specialist doctors from Larnaca hospital are planned.

The Minister mentioned that the erection and equipment of the Paralimni hospital, built on government-owned land, cost £160,000 of which the UN High Commission for

Refugees provided £3,000 the World Health Organisation £14,000 and the remainder by the Cyprus government.

Keeping pace

Mr Tombazos expressed thanks for the assistance of the United States through the U.N. High Commission for Refugees.

The Minister opened his speech with these remarks: "The health of the people must be regarded as the foundation of all social and economic progress. Healthy conditions secure not simply biological survival but, beyond that, they activate the principal factor of production which is the man-power resources."

He praised the Cypriot doctors' incessant effort to keep pace with technological advancement. "Small Cyprus cannot endure the luxury of ignorance of modern knowledge of the medical sciences he said."

"We have in the government and private sector men of science to whom we can rely for a high level of social contribution and up-to-date methods of treatment," Mr Tombazos declared.

Really proud

"We are, he said, really proud that our doctors are not idle, they do not remain attached to the traditional methods of the profession. They follow the galloping progress of science and offer our people a high level of social contribution with their knowledge of modern expertise."

Thanks to its good health standards Cyprus has managed to have economic endurance and is able now to claim an honourable solution to the Cyprus problem without inadmissible accommodations, the Minister said.

One of the imperative needs is to erect new health units to replace those lost on account of the Turkish invasion and the present hospital at Paralimni was part of this policy.

At the same time a new hospital unit is being built at Larnaca and studies for new hospitals in Limassol and Paphos are under way.

MICHAELIDIS: TURKEY HOLDS KEY TO TALKS

Nicosia CYPRUS MAIL in English 2 Dec 80 p 2

[Text]

THE CONTINUATION of the present state of affairs is a painful experience for both the Greek Cypriots and the Turkish Cypriots. House President Mr Alecos Michaelides said in a speech at a dinner given for him by Cypriots in London during the weekend.

Mr A. Michaelides returned to the island last night from an official visit to the U.K. where he had met British Prime Minister Mrs Thatcher, the House Speaker Mr Thomas, Labour opposition leader Mr Michael Foot and other British officials.

In his speech to the Cypriot gathering in London, Mr Michaelides emphasised that the intercommunal talks are the only right course for the search for a fair and lasting solution to the Cyprus problem.

It was unfortunate, he said, that the impression is being cultivated abroad that the divergences between Greek and Turkish Cypriots are the obstacle to a settlement.

The Cyprus problem stems from the invasion and occupation, and that is why attention must be turned to Turkey which holds the key to the Cyprus problem, to persuade that country to reconsider its policies towards the Cyprus issues, he said.

Viability

The House President added that the only solution ensuring a peaceful future for the whole Cypriot people would be a solution of real independence offering the chances of progress and development to all its citizens, regardless of religion or national ancestry.

The basis for the viability of a solution must be respect for the human rights of all the citizens and the offer of equal opportunities to all. Economic progress can be ensured only within a united single economy with freedom of movement of persons and goods. It would be naive to believe that there can be two separate economies and the consequences (of such a split) are already being experienced by the Turkish Cypriots, Mr Michaelides said.

There can be no State in which the citizens cannot feel they partake in the common labour of creation and do not jointly enjoy the fruits of creation. Two economies mean two States the House President declared.

In another speech at a gathering sponsored by the Committee of Cypriots from the

occupied regions, Mr Michaelides said it was too early to express optimism or pessimism about the talks.

Pressure

What is needed is to deploy all efforts to convince everyone to bring pressure to bear on Turkey, to influence Turkey to abandon its expansionist plans towards Cyprus so that the talks can succeed, he said.

Mr Michaelides regretted that the Cypriot community in the U.K. is being entangled in the party politics of Cyprus.

The individual members of the Cypriot community can have their friendships and sympathies for the parties and political figures of Cyprus, but for the community to be organised into the political parties of Cyprus is an act without sense, and might well be damaging, he said.

The Cypriots do not vote in Cyprus but in the United Kingdom and entanglement in Cypriot party politics can only cause harm to the community Mr Michaelides said.

AFXENDIOU: NOTHING TO WORRY ABOUT

Nicosia THE CYPRUS WEEKLY in English 21-27 Nov 80 p 8

(Text)

At his press conference this week, Finance Minister Afxentis Afxentiu sought to allay fears that the Cyprus economy is going through a crisis.

There are problems, yes, but these are small compared with those of other countries, he claimed. And he repeatedly declared that "there is no cause for concern".

The Finance Minister's assurances seemed to conflict to some extent with the gloomy picture of the economic situation painted by the Planning Bureau's report last week.

Stability

The report spoke of "a serious situation" and referred to the "abrupt deterioration" of the current account deficit, galloping inflation, and the widening trade gap, and said Cyprus could not hope to achieve the growth targets attained just before and after the 1974 Turkish invasion.

It even hinted that Cyprus was facing a problem regarding the stability of its currency, since the balance of payments deficit was expected to jump to £100 m. this year from £73 m. last year.

But Mr Afxentiu told newsmen: "The balance of payments shows some small deficits which do not endanger our foreign exchange

reserves. There is nothing to worry about, since our reserves are at a high level and can easily absorb the balance of payments deficits".

He dismissed any idea of a devaluation of the Cyprus pound.

Exports

He disclosed that there has been an improvement in the balance of payments situation recently. Thanks to certain measures taken by the government, imports have been reduced and exports increased during the last three months, and the balance of payments has even shown a surplus.

This improvement was no reason for complacency, he explained, and no safe conclusions could be drawn from the study of the results of three months.

"But reports about an economic crisis are not true. On the contrary, Cyprus' economic problems are small compared with those of other countries", Mr Afxentiu declared.

What are these problems?

Inflation

The Finance Minister outlined them as follows:

- The Cyprus economy is facing "inflationary pressures and destabilising tendencies" due both to internal and external factors;

- Incomes are rising "at a rate beyond the capacity of the economy" with adverse repercussions on prices and the balance of payments;

- Savings remain low, productive investments have declined, and the rate of increase in productivity has slackened;

- The current account balance is showing a "widening deficit" and there is an increasing dependence on foreign borrowing.

External loans contracted by the government have reached £100 million, but Mr Afxentiu said this level of foreign borrowing should not cause any concern since it was "low" compared with other countries and its servicing was satisfactory.

Mr Afxentiu said that despite the "destabilising tendencies" the Cyprus economy had shown a high growth rate in 1980 and was expected to show "a positive, though reduced, rate of growth in 1981".

The fiscal policy expressed through the two budgets was characterised by "a spirit of austerity and an effort to contain destabilising tendencies". The aim was to restrict expenditure for non-essential services and non-productive sectors and promote the "rational expansion" of social services and programmes.

FEASIBILITY OF SOCIALIZED MEDICINE CONSIDERED

Nicosia CYPRUS MAIL in English 30 Nov 80 p 4

[Text] The object of medicine is to provide the best available medical treatment to all people regardless of financial status. Medicine is a profession where the care of the patients is the primary concern.

In the past 40 years two dramatic changes in medical practice have greatly advanced and expanded the medical horizons. These are first the development of financial programmes to give all patients coverage of medical expenses; and secondly the development of hospitals where the necessary highly specialized treatment may be offered.

In the USA there are three programmes to help finance hospitalisation and medical treatment. Two of these are private insurance programmes. Blue Cross for hospitalisation. Blue Shield for doctors' expenses. The third, Medicare, introduced recently is a government plan to provide hospitalisation and treatment to people over 65 who are covered by Social Security. On the European Continent, other plans exist to aid the individual to finance his medical treatment. These plans not only secure the financial cover for the patients but also an income necessary to cope with medical progress for the hospitals.

This leads me to the second point that I should like to discuss, the development of hospitals as complete institutions for treatment and the advancement of Medicine. If one of you was in need of medical treatment you would desire the best available. No less than this high standard should be available to all people regardless of their financial status. Therefore it is imperative that the Hospitals should not just provide the bare minimum of medical attention but the very best. The value of life is equal, whether one is rich or poor.

Advent of Specialisation

Because of rapid advances in medical progress, gone are the days of the general doctor who practised all aspects of medicine. Today only specialisation can keep pace with progress. The hospital must be the place not only for the treatment of the patient, but where teaching of the doctors and nurses is accomplished. Hospitals must be self perpetuating institutions capable of providing the specialised doctors, nurses and technicians to insure its survival.

For this idea the resident training programme was developed. This is a programme in which the qualified senior doctors instructed and qualified the younger generation, within a fixed period of time. This kind of institution cannot exist without contributions from government and private sources, and should be considered a privilege rather than a necessity.

In medicine as in other fields, Cyprus, with a population of 640,000 people inherited an archaic colonial system, providing for the present only the bare minimum. Instead of being self sufficient Cyprus depends on foreign countries for specialist treatment of the patients and the provision of a constant influx of training personnel. Because of the cost involved in sending patients abroad for specialist treatment only certain methods of treatment are authorised, and others are condemned because they are not financially viable.

In Cyprus the resident training programme is in its infancy. The nursing training programme is improving. Utilisation of medical students on summer leave for their own benefit has not yet been adopted.

Development of Private Clinics

Facilities and funds are inadequate for the size of the community. It is the responsibility of the medical profession to insure the ethical practice of medicine and thereby retain its respected position in the community. Co-operation among doctors should be encouraged and will raise the standards of medical practice.

The development of the numerous private clinics reflects the dissatisfaction on the part of the patients and doctors with the existing system. Not only does this represent a great financial investment (50 clinics in Nicosia alone of 800 beds capacity representing over one million pounds capital) but it leads to redundancy of equipment, facilities, and personnel, and also break down the co-operation between physicians who are forced to compete.

A country of 600,000 is large enough to provide the best medical treatment and yet small enough to have a centralised insurance programme which can and should replace the numerous existing small private insurance plans.

The leading question is: "Is socialised medicine feasible in Cyprus?" If by "socialised" we mean a government programme to provide medical care and hospitalisation for all people, you can see from what we have previously said, that the answer must be "No". If we are to raise the standard of medical practice in Cyprus, this system must exist side by side with the private practice of medicine.

The government can organise the tertiary medical services and undertake responsibility for catastrophic and expensive diseases, in addition to its basic responsibility, and the private sector can improve primary and secondary care, with the collaboration of the government sector. Cyprus is too small for the fragmentation of powers.

Partial Socialisation the Answer

Total socialisation as practiced in several countries has proved unsatisfactory both for the patients and the doctor. Partial socialisation co-existing with private practice would be the best solution for Cyprus and it's in effect already proving its effectiveness in many leading countries.

To accomplish the above, we must improve medicine in Cyprus in four different directions: (1) insurance; (2) hospital reorganisation; (3) clinic integration; and (4) medical standardisation and legislation.

1) An insurance programme should be instituted to provide hospitalisation for the whole population in government and private clinics and the insured patient should be free to choose a doctor of his choice. Details of this fundamental insurance plan, are left to others more qualified to recommend them such as private insurance schemes and or the social insurance or government assistance bodies.

2) The hospitals should be reorganised on the basis of a teaching institution. To accomplish this it needs a healthy transfusion of young Cypriot doctors. The establishment of a teaching programme will produce enough young doctors to give the best hospital coverage possible, but also provide a standardisation of good medical training and practice. The utilisation of medical students during the summer months by having an organised training programme will prompt the residents to keep up with the newer modes of treatment, and thus we could affiliate with a university. A teaching institution is not a luxury but a necessity to provide uplift for the medical community through, for example, post-graduate refresher courses.

It is time to open the doors of the Hospitals to the good Cypriot doctors by changing the mentality and regulations according to the needs of the country and not according to personally motivated wishes. Good men are difficult to find; if you find them, try to catch them; do not kick them. Today Cyprus needs its educated and well-trained doctors to be organised for the benefit of the Cypriot patients. To many Cypriot patients. To many Cypriots seek medical care abroad without any reason mainly due to the lack of confession of the medical profession and lack of confidence in the existing medical establishments.

3) Polyclinics acting in co-operation offer the best future for Cyprus. This will increase the co-operation in the medical profession, cut down expenses and will be easily standardised and controlled by governmental laws and regulations. Adequate clinic records and pathological indications with tissue banks will ensure the proper diagnosis and treatment.

4) Medical standardisation and legislation. Change in health regulation according to need, anti-fraud and abuse laws, respect for the medical profession and specialisation, and tissue banks are basic requirements for the proper management of medical care before any system is permanently established.

Cooperation and Responsibility

In sum, the Government intervention in medical care and the private sector, side by side, should be directed towards the needs of the people. Cyprus with its small population is one medical unit.

Many changes in the practice of proper medicine should be made, but above all the Government should show a responsible attitude to the needs of the people, and the doctors should demonstrate a responsible attitude towards their own great profession, and towards society. No country in the world has solved its medical problems, but proper government health services and a healthy private sector acting in cooperation with them with flexibility and adaptability, could cure or greatly ease our numerous medical problems.

MEN PAID HIGHER THAN WOMEN

Nicosia THE CYPRUS WEEKLY in English 21-27 Nov 80 p 3

[Text]

Men receive much higher salaries in Cyprus than women, but they are also more "stable" in their jobs, says the latest report on wages and salaries issued by the government's Statistics Department.

A year ago, the average monthly pay for male employees was £201 while for female employees it was only £113—lower by 44 %.

The report says: "Females receive much less than males in all occupational groups. This may be attributed among other things to differences in the type of work, the level of education and type of activity, and some degree of discrimination".

The pay differential between males and females is widest in the case of sales workers (the ratio is more than double), agricultural and production workers.

But the report also notes: "Men stay with the same firm for a longer period than women".

In the sample taken, 35 % of males (as against 16 % of females) had firm experience of more than ten years in their work.

Women "drop in and out of the labour force and do not work for long continuous periods as males do", the report says.

Education

There are some striking differences in the age structure of male and female employees. There are more females than males in the age groups 24 and under.

The reasons? Boys go into the National Guard at 18 and also receive more higher education. So they enter the labour force at a later age.

For the older age groups, the reverse is true, as women drop out of the labour force early when they have children.

Consequently, women reach their peak income at an earlier age than males.

Increases

The report remarks: "The 35-54 age group includes most of the people in top managerial and administrative positions who receive high salaries — and almost all of them are males".

Wage-earners last year received pay increases amounting to 27.8 %. But the pay of salaried employees rose by only 23.4 %. This showed the relatively high demand for skilled, manual labour, compared to clerical and qualified workers, the report says.

BRIEFS

KITTIS' TOUR--Minister of Commerce and Industry Mr Constantinos Kittis returned to the island after an extended visit which included Algeria, Brussels, London and Athens. In Algeria, first stop of his tour, he had explored the possibilities of a trade agreement and of petrol supplies if necessary. It was a result of the Algerian visit of the Minister that a three-member Algerian team under the Under Secretary for Light Industries, Mr Bouglemline came to Cyprus for similar contacts. In London, Mr Kittis met the Ministers of Agriculture Mr Peter Walker and of Trade Mr Cecil Parkinson, and members of the Federation of British Industries and in Brussels he joined the Cyprus/EEC Association Council talks. In Athens he had talks with the Greek Minister of Trade Mr Kalantzakos. [Text] [Nicosia CYPRUS MAIL in English 30 Nov 80 p 1]

CSO: 4920

GOVERNMENT MEETS PROBLEMS IN STAFFING SECURITY COUNCIL

Copenhagen BERLINGSKE TIDENDE in Danish 11 Nov 80 p 2

[Article by Poul Moller]

[Text] The number of journalists who have refused to participate in the government's new creation, a security and disarmament committee, has risen from four to five, now that Conni Petersen of RITZAUS BUREAU has also turned down the invitation for the same reason used by others, that it would jeopardize independence in daily activities.

At the meeting of the executive committee of the Radio Council on Monday, vice chairman Jorgen Kleener (Liberal) stated his opposition to workers for Danish Radio joining the committee, as TV's Ole Sippel indicated he would. Kleener later emphasized to BERLINGSKE TIDENDE that it was not a question of Ole Sippel personally but the principle of Danish Radio's independence. Chairman Ole Espersen (Social Democrat) said he saw nothing wrong with Ole Sippel accepting the offer. The executive committee will hear the general director's view of the principles involved next Monday and it may continue the debate after that. There are signs that the criticism of Ole Sippel is viewed as a political attack in some circles.

The chairman of the security committee, ambassador S. Møllbin, just back from India where he accompanied Prime Minister Anker Jorgensen, said the leaders of the committee are now ready as originally selected. They will be meeting right after New Year's Day and it is expected that the first meeting of the whole committee will be called very soon after that. The officials asked, some from the Defense Ministry and Foreign Ministry and the economic secretariat, have all agreed to participate.

But the six names of the research workers on the committee are new. They are all well-known from the security policy and the national economic debates: Assistant Professor Erik Beukel, Odense University, Assistant Professor Hans Henrik Holm and Assistant Professor Nikola J Petersen, both from Aarhus University, Assistant Professor Christian Thune, Copenhagen University, Professor Bjarne Norretranders, Ph.D. and doctoral candidate Jan Oberg (Danish citizen), Lund University.

"We do not yet know where the committee will have its permanent home," said ambassador Møllbin, "but we are looking for a place outside of the Foreign Ministry in order to mark our independence from it."

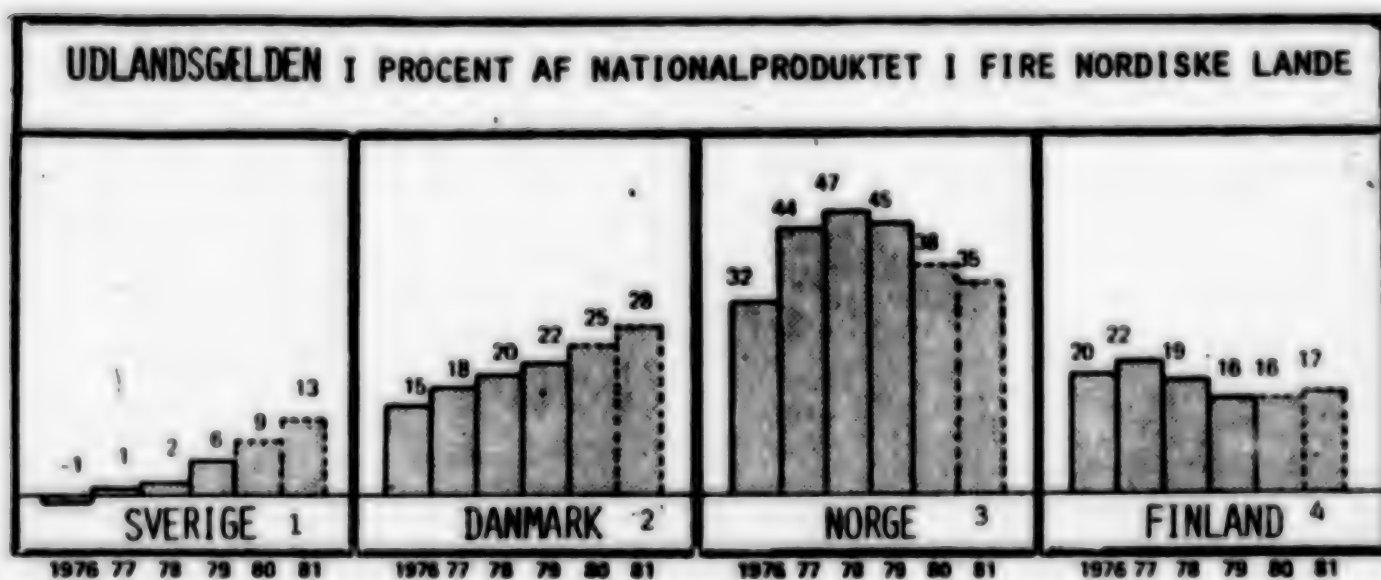
FOREIGN DEBT LOAD CONTINUES TO BE INCREASED

Copenhagen BERLINGSKE TIDENDE in Danish 14 Nov 80 p 12

[Article by Frank Dahlgaard]

[Text] While Finland and Norway are enjoying economic growth and declining unemployment Denmark and Sweden have had to turn the heat down.

In the international context the Nordic lands are often regarded as a single area--perhaps because we share such similar cultural backgrounds. But economically there are big gaps between developments in the four biggest Nordic lands.



Foreign Debt in Percentage of National Product in Four Nordic Countries

Source: EKONOMISK PERSPEKTIV, issued by Sweden's Skandinaviska Enskilda Bank

Key:

- | | |
|------------|------------|
| 1. Sweden | 3. Norway |
| 2. Denmark | 4. Finland |

This year Finland and Norway are experiencing tremendous economic growth with declining unemployment while Denmark and Sweden are cooking on the back burner with Denmark clearly in last place: we are one of the few countries in the world this year to have a direct decline in production (gross national product) and Danish unemployment is skyrocketing.

In the latest issue of its periodical, *EKONOMISK PERSPEKTIV*, the Skandinaviska Enskilda Bank in Sweden described developments in the Scandinavian countries plus Finland and *BERLINGSKE TIDENDE* gives a review of that here along with other supplemental information we have gathered.

Finland at the Top

Of the four lands Finland is indisputably in first place. Both last year and this the Finns had an economic growth of 6-7 percent, a record in the entire western world. Even the growth-happy Japanese were beaten in 1979 and 1980 by little Finland. But it appears that Finland will have to share first place with Japan in 1981 since both countries expect an economic growth of 3-4 percent.

The unusually strong production gains in Finland have led to a sharp decline in unemployment since the fall of 1978. For the first time in several years the registered unemployment figure is now below 100,000 and unemployment is expected to continue to decline in 1981.

Part of the explanation for the economic miracle in Finland is its mounting exports to the Soviet Union which have offset rising oil prices. At the same time the Finns have managed to improve their competitiveness.

Norway Number 2

In Norway production growth has also been at a high level from an international perspective for the last year and unemployment--which is extremely low--has shown a slight decline. Only around 20,000 Norwegians, corresponding to 1 or 2 percent of the labor force, did not have jobs this year.

Of course it is mainly the North Sea oil that is pushing the Norwegian economy forward. This year for the first time since 1969 the Norwegians will have a surplus in their balance of payments--the only one of the rich western nations to achieve this. Even Germany, Japan and Switzerland are expecting deficits this year. Norway is also expecting a surplus in the balance of payments for 1981, thanks to oil exports. Consequently the Norwegians are now busily repaying their enormous foreign debts.

Sweden Number 3

The Swedes have moderate economic growth this year (around 2 percent) and unemployment has declined slightly since 1978. Registered Swedish unemployment is now around 85,000 people or 2 percent of the labor force. (But another 150,000 people involved in state job programs or otherwise representing "hidden unemployment" must be added to that figure.)

While Norway and especially Finland are spinning along at a top economic growth level things are approaching zero growth in Sweden and Denmark. The most positive thing that can be said about Denmark is that we are approaching zero growth from below (we have directly declining production this year) while the Swedes are approaching zero from above.

In Sweden they are resigned to rising unemployment in 1981 while rising unemployment is already an unpleasant economic reality in Denmark.

According to the most recent figures released by the Danish Bureau of Statistics our registered unemployment is 190,000 or almost as many people as those listed as unemployed in Sweden, Norway and Finland combined.

Foreign Debt

Among the rich western countries of the world the four Nordic countries discussed here are the most indebted when the debts are measured in kroner per inhabitant--or in percentages of production (national product) as in our graph.

As we see Sweden was a debt-free nation until 1977 but the balance of payments deficits of recent years have now brought foreign debt up to 9 percent of the national product (GNP) and the debt is expected to increase to 13 percent next year. In Denmark the foreign debt is expected to grow from 25 to 28 percent of GNP while the Finnish debt will remain about the same at 16-17 percent of GNP.

Where the Loans Went

As the most indebted nation in the western world Norway now has a foreign debt equal to 38 percent of GNP--a sharp decline compared to 1979 and the debt reduction is expected to continue thanks to the balance of payments surplus. This means that Denmark will probably take over Norway's place in a few years as the most indebted land in the rich world.

The reason Norway took on such large debts in the 1970's was the very expensive investments in oil equipment. These fertile investments are now beginning to yield large amounts of foreign exchange currency.

In Denmark the foreign loans have not gone into investments in the same way; they have simply financed overconsumption--not least in the public sector.

Today Denmark is indisputably the black sheep of Scandinavia with regard to its national economy and we must adjust to being used in the other countries as a warning example.

6578

CSO: 3106

GREENLAND LANDSTING COMPLETES 1981 BUDGET AFTER DEBATE

Godthaab GRONLANDSPOSTEN in Danish 6 Nov 80 p 3

[Text] On the last day of the fall assembly the Landsting managed to finish debating the framework for next year's economy, the 1981 Budget Act. It was approved by all 13 Siumut ["Forward"] members while the eight Atassut ["Mutual Cooperation"] members abstained.

The number of abstentions stemmed from disagreement between these two groups on several issues such as import duties, regional taxes and subsidies for wholesale prices in the fishing industry--even though there was agreement on many other things.

Atassut wanted to impose a general import duty (with the exception of oil and building materials) instead of raising the regional tax and raising taxes on already overburdened products, the plan backed and pushed through by Siumut and the national committee. Atassut warned against raising the regional tax in light of the fact that municipal tax rates have also risen. "Atassut is opposed to burdening the communities and the citizens so heavily," Lars Chemnitz said.

Sparing Poorer Citizens

Siumut insisted on raising the regional tax. Bendt Frederiksen said among other things that raising regional taxes would hit people with higher earnings who already pay taxes. "This will spare those with less money," said Bendt Frederiksen.

He also said that imposing general import duties would cause problems with regard to EC's harmonization efforts. Harmonization cannot be achieved by the end of this year. "And if the proposal is implemented it would require a very extensive control apparatus which would be impossible to do effectively because private businessmen import goods themselves," Bendt Frederiksen said.

Wholesale Prices

Another topic that led to disagreement between the two groups was subsidies for wholesale prices.

The starting point was the national committee's proposal to eliminate subsidies for the profitable cod and shrimp fishing sectors in favor of higher subsidies for less profitable fishing activities in outlying districts and for seal hunting.

The Siumut group could not accept elimination of subsidies for the fishing activities mentioned. The group agreed with the national committee that the abundance of cod and the profitable shrimp catches were good reasons for smaller subsidies. But in light of sharply rising energy prices the group did not wish to act so hastily on this point. Instead they proposed reducing the cod and shrimp subsidy from 15 to 10 ore.

Group Prevailed; Bigger Sealskin Subsidy

The Atassut group opposed this and wanted the old subsidies retained. The reason given by the group is that operating costs of fishing have increased substantially. "Lowering the subsidies could have serious consequences for the fishing industry," the group said.

Siumut won an increase from 15 to 20 ore a kilogram for catfish, Greenland halibut and uvak. The Atassut proposal was for 15 ore for all these varieties with the exception of Greenland halibut which they also wanted to increase to 20 ore.

Agreement was reached on the national committee's proposal to set sealskin price subsidies at 40 kroner for quality 1 and 2 and 25 kroner for quality 3.

6578

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COMPANY TO BEGIN EAST GREENLAND OIL EXPLORATION

Copenhagen BERLINGSKE TIDENDE in Danish 15 Nov 80 p 2

[Article by Michael Rastrup Smith]

[Text] The Nordic Mine Company and the American oil giant, Arco, both highly experienced in working in Arctic climates, have completed plans for future oil explorations in Jameson Land, East Greenland.

People will be sent to Jameson Land next summer under the plan. They will make extensive studies of the terrain of a land area half the size of Jutland. The bleak landscape there is characterized by highlands with deep fissures and an Alpine mountain chain.

Real oil explorations will not begin until the concession giving rights to explore and extract oil and natural gas has been negotiated which will probably be by next fall. This means they could start making aeromagnetic measurements in the summer of 1982. These are measurements made from an airplane to determine the extent of sediment deposits--in other words, strata that might contain oil.

At the same time as the aeromagnetic measurements are made, seismic studies will be made on the ground of the subterranean area. These studies give a more precise picture of what can be found beneath the surface of the earth.

Due to the mountainous nature of the area the seismic studies will be made along the western coastline, with sample lines running across the countryside. These studies will be conducted in the summers of 1982 and 1983.

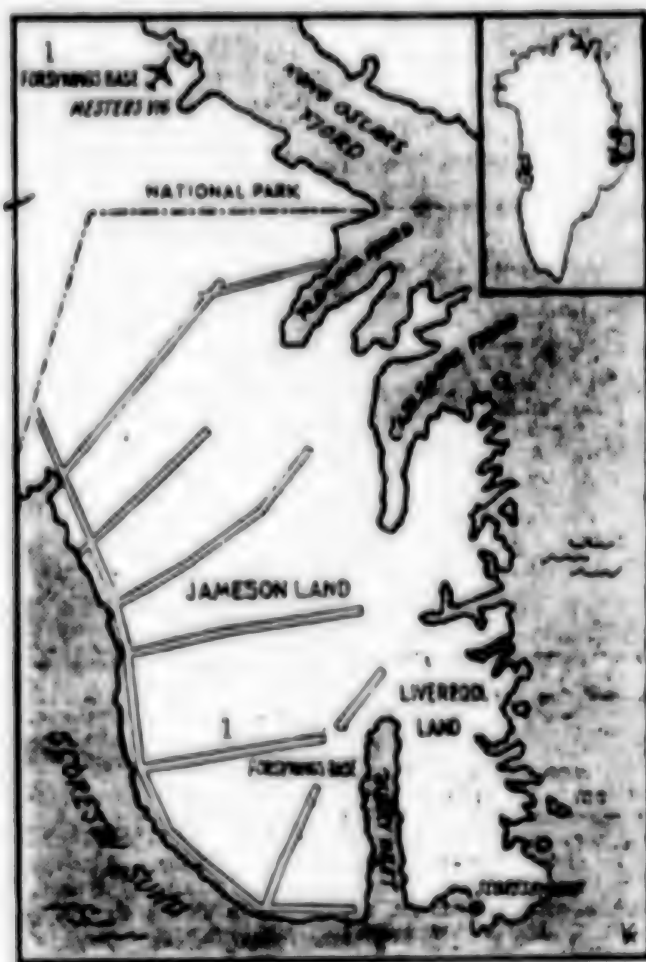
By 1984 they expect to have reached the point called "go-no go" in the branch. In other words the time when a decision must be made to continue or stop if signs of oil are lacking. The chances of finding oil in Jameson Land are currently regarded as 1 in 20, considered to be good odds.

The experts believe chances are good of finding oil in East Greenland because the right conditions for oil formation have existed in the area. Several rock types from the prehistoric Jurassic period have been found, they point out. These rocks are also found in the big oil fields in the North Sea and this helps

confirm the theory that until 60 million years ago East Greenland and the North Sea made up a large connected area.

Starting in 1984 a larger operation would start in Jameson Land--test drilling. Plans are completed to send 30 Hercules airplanes carrying a total of 645 tons of drilling equipment to the Mestersvig air field for further transport by helicopter to nearby Jameson Land. Two test holes will be drilled and they would probably be completed sometime in 1986. At that time Arco and the Nordic Mine Company expect to have used 600 million kroner.

If the two test holes bear out the expectations of a big oil find, actual production drilling will begin. About 300 holes would be drilled. And depending on where oil is found it will be sent south by pipeline to a planned export harbor.



The lines on the map of Jameson Land show where the seismic studies will probably be made. (Map: Kay Lyngholm)

Key:

1. Supply base

To ship the oil away from the area they will build six ice-reinforced super-tankers sailing in rotation, probably between northern Europe and Jameson Land. In addition three combination icebreakers and tugs will be built to keep a channel to the shipping port clear of ice. At that point more than 100 billion kroner will have been invested in the project. The two companies do not think it is unrealistic to invest that large a sum in East Greenland. If they get a concession similar to those commonly issued today and if the find is around 2.4 billion tons of oil it would settle accounts. And the companies don't think a find of that size is unrealistic.

The Nordic Mine Company has a concession from 1952 in Jameson Land and adjacent land areas but it has agreed to a renegotiation of the concession because it will be necessary to have Arco assume responsibility for around 80 percent of the project in East Greenland. The Nordic Mine Company is owned by the Danish state, among others, with the state holding 27 percent of the shares. Arco owns 30 percent, the Lauritzen concern 19 percent while business and banking groups hold 20 percent of the shares.



Director Roberto Kayser, Nordic Mine Company

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CSO: 3106

BRIEFS

CONFIDENCE FOR DEFENSE BUDGET SUPPORT--Defense Minister Poul Oegaard expects that the parties with which the government has been discussing a new defense agreement will not demonstrate against the unchanged budget by their votes in the imminent Folketing vote on financial legislation for the 1981 defense budget. The Liberals, Conservatives, Center Democrats and the Christian People's Party are calling for a 3 percent increase in the defense budget. He said this at a press conference for foreign journalists in Copenhagen yesterday. "I expect that the defense budget and the proposal for a further 12 million kroner to the home guard will be adopted and that the parties with which we have cooperated in this area in the past will behave in such a way that it will be possible to have further negotiations on a defense agreement for 1981." The opposition has not yet decided how it will vote. The minister announced that the unchanged budget for 1981 will mean the callup of fewer conscripts and certain materiel adjustments. "But in 1982 the problems will really start to make themselves felt and I expect and hope therefore that we will have a new defense agreement ready before summer 1981." [Text] [LD181627 Copenhagen BERLINGSKE TIDENDE in Danish 4 Dec 80 p 9 Part 1]

POLISH REFUGEE PROBLEM--The Bornholm authorities would be able to receive and give goods and shelter to several thousand Polish refugees if an intervention in Poland were to cause Poles to flee. Civil Defense Director E. Schultz told Ritzau's Bureau that the civil defense forces on Bornholm have as yet not taken any extraordinary steps to receive refugees in large number, but if the situation "tightened up" then the civil defense forces would be able to "get something going." The island's Chief Constable Niels Holm said that the police would treat the refugees, who might ask for political asylum, like anyone else asking for the same. The police does not have any special plans or regulations for receiving a large number of refugees. The navy operational command in Aarhus said on Friday [5 December] evening that a minelayer was on its way to Bornholm for exercises. In addition there are always naval vessels in various parts of the Baltic for possible urgent deployment, and finally a naval cutter and a surveillance vessel have their permanent base on the island. "Our people have honed their knowledge of how they should behave for example in a situation where refugees are trying to reach Bornholm and attempts are perhaps being made by others to stop them," the duty officer at the naval operational command said. [Text] LD121019 Copenhagen BERLINGSKE TIDENDE in Danish 6 Dec 80 Part 1 p 6]

FEWER JOBS OPEN--Never before in postwar Denmark have so many people been out of work and so few jobs been available as now. For each job opening listed with the public employment offices there are now 390 people listed as out of work. The Danish Bureau of Statistics has just released figures showing that at the end of October 489 vacant jobs were listed with the public employment offices. That is the lowest number of jobs to be listed at AP [public employment] offices at the end of a month so far. The previous record low was set in January 1973 when there were 622 vacant jobs but this figure has now clearly been beaten. Registered unemployment (seasonally corrected) also just set a new Danish record, 190,000, clearly indicating that we are facing the most depressive and recessive situation on the Danish labor market in the postwar period. The latest figures from the Danish Bureau of Statistics show that the number of new job openings given to the public employment offices also declined sharply. In October 10,948 new job openings were listed and 10,189 were filled. A year ago these figures were over 50 percent higher. [Text] [Copenhagen BERLINGSKE TIDENDE in Danish 20 Nov 80 p 11] 6578

GREENLAND EC SUBSIDY DEBATE--The hope of the Greenland Siumut ["Forward"] Party that the sale of fishing licenses could cover the loss of subsidies as a result of withdrawing from EC has been dashed. License sales would only bring in from 9 to 11 million kroner a year. In the first year and a half of home rule EC has granted 322 million kroner in loans and subsidies. Folketing member Otto Steenholdt (Atassut ["Mutual Cooperation"]) obtained a realistic evaluation of the license possibilities by asking Foreign Minister Kjeld Olesen. Since all foreigners are barred from cod fishing off Greenland in order to insure the build-up of a new population and Greenlanders themselves utilize almost all the shrimp fishing possibilities the only licenses that could be issued would be for less valuable varieties, corresponding to the value of between 40,000 and 50,000 tons of cod annually according to the foreign minister. This would provide a base for only 8 to 10 trawlers of around 2000 gross register tons each. The Siumut Party, which has the majority in the Greenland Landsting, is currently considering a popular referendum in 1981 on Greenland's withdrawal from EC. [Text] [Copenhagen BERLINGSKE TIDENDE in Danish 15 Nov 80 p 5] 6578

CSO: 3106

SPD LEFT CRITICAL OF SCHMIDT'S POLICIES

Coalition Agreements

Hamburg DER SPIEGEL in German 17 Nov 80 p 29

[Article: "The Desire Gone"]

[Text] Comrades in Bonn and SPD chiefs in the Laender are finding the result of the coalition negotiations too meager. The leftwing of the party in the Bundestag now wants to push for having a say in the discussion.

Hans-Juergen Wischnewski noted the election result with distaste. He of all people, the internationally proven crisis negotiator and deputy SPD chairman, had been denied the customary recognition by his comrades.

In the election of the 5 deputies to the chairman of the Bundestag deputies, Herbert Wehner, last Wednesday, "Ben Wisch," with only 149 out of 203 valid votes, came in next to last. Front-runner Helmut Rohde, chairman of the SPD Working Group for Workers' Questions, got 182 votes.

One person particularly found it difficult to hide his schadenfrude--Horst Ehmke. Not especially liked by a lot of comrades because of his quick know-it-all manner, he had received one more vote than the jovial deputy party chairman.

At the same time Ehmke saw his criticism confirmed. Like Defense Minister Hans Apel, he had said out loud at the meeting of the SPD Executive Friday before last what many are thinking: instead of burdening himself with another busy job in the party in the Bundestag, Wischnewski should devote himself more intensively to his job as SPD deputy chairman.

Wischnewski really had thought that his inclusion into the leadership of the party in the Bundestag would be more friendly. Nor could it have escaped the attention of this man "with a sure political nose," however (as government spokesman Klaus Boelling has described him), that the party in parliament and elsewhere was quite upset about the dim result of the coalition negotiations. The object lesson for the chancellor's confidant at the same time is a warning to Helmut Schmidt himself not to sacrifice Social Democratic principles quite so readily to the coalition rationale.

While the coalition negotiations were in progress, the comrades, unlike the Liberals, had loyally refrained from comments and demands, but once the result was known, the rumbling was all the greater.

However much they appreciate the need for economies, many Social Democrats are missing what Wehner deputy Helmut Rohde calls "conditions for traveling into the future." Those in power, the standard criticism went, had tailored their slender program excessively along bookkeeping lines to fit the 1981 federal budget, and where it was a question of content there was a lack of Social Democratic accents--from codetermination to foreign policy.

Particularly the left deplores what Bremen's youth Senator Henning Scherf calls the "lack of imagination" of the coalition document.

Kiel Bundestag Deputy Norbert Gansel now finds it very hard to believe that there will be any kind of "impetus for reform" in this legislative period. He perceives dire consequences as far as the commitment of the party base is concerned, saying, "The desire is gone."

But also the SPD minister-presidents, most of whom normally are staunch in their support of the chancellor, early last week kicked up their heels. In talking with Schmidt, they made it known that they regarded the coalition agreement at best as a "political framework" and not as an unchangeable program.

Such reservations are being voiced all the more easily as the party both outside and within parliament think they have not had enough say. At the session of the SPD executive which was to consult about the government paper Friday before last, Saarland party Chairman Oskar Lafontaine thought he had come to the wrong place. Instead of explaining the agreements with the FDP, Helmut Schmidt delivered one of his well-known reports about the state of the country and the world. Said Lafontaine: "The party has a right to be informed. No one governs by the grace of God."

The leftwing SPD Bundestag deputies since last Wednesday have felt additionally provoked by Schmidt's highhandedness. Their candidates all were defeated at the executive elections by the concentrated power of the rightwing party workers, who succeeded in promoting as many as two backbenchers from among their ranks, Carl Ewen and Werner Zeitler, to executive manager positions. Gansel's comment on Zeitler: "He apparently qualified by not addressing a single oral question to the government in 8 years." A number of Social Democrats with seats in parliament since 1976 had to have fellow deputies point out candidate Zeitler to them.

Already the disgruntlement is giving vent to an insidious plan. Leftist leader Karl-Heinz Hansen threatens that "unless there is a satisfactory settlement of the question of codetermination with the FDP within 4 weeks, we will submit our old group proposal."

The draft of a bill suggested by the party leader in parliament, Herbert Wehner, before the Bundestag election concerning the insuring of codetermination in the

coal and steel industry had been signed by more than 200 SPD deputies at the time. They would not have a hard time justifying why their signature should not be valid any more after the election.

Uncle Herbert realizes the danger. Behind the scenes he is not tiring in exercising pressure, pointing out that the coalition leaders under no circumstances must avoid the ticklish subject in the government declaration. Although the FDP does not want to commit itself before its party congress in early December, Wehner would like to publicly point out the direction before then.

The debate about the government declaration, Wehner indicated half threatening and half promising, will be "able to clarify and settle a number of things which in the past few weeks...have occupied and sometimes also upset public opinion."

Policy Toward GDR

Hamburg DER SPIEGEL in German 17 Nov 80 pp 20-21

[Article: "Not Off the Table--Criticism Is Increasing in the SPD Against the Chancellor's Policy Toward the GDR"]

[Text] Briefly shrugging his shoulders, the chancellor cut off any further speculation by remarking in a seemingly relaxed manner: "Well, they asked questions, and Willy answered them really well."

That is how Helmut Schmidt, surrounded by his closest confidants, commented on the massive criticism of the federal government's Germany policy voiced by SPD Chairman Willy Brandt in a SPIEGEL interview.

Brandt had called for "examining the German questions against the background of changed conditions in Europe and the world and, at the same time, aiming directly at the chancellor, for "greater density of political dialog" between Bonn and East Berlin.

Reading his remarks, Schmidt and his advisers had realized that Brandt for the first time in public since his resignation in May 1974 had abandoned his loyalty to the head of government and come down on the important field of Germany policy. The artificially relaxed manner of the chancellor was to conceal the extent to which he felt hurt by his party chairman's reprimand.

Among the SPD Bundestag deputies as well, dissatisfaction about his Germany policy is beginning to make itself felt—not on the part of just anyone but on the part of leader Wehner.

While not claiming the floor personally so far, Wehner, for whom Germany policy has always been a matter of special concern, has had others speak for him. His confidante Marie Schlei, former state secretary in the Office of the Chancellor and newly elected deputy leader of the party in the Bundestag, has debited the chancellor with "a deficit in Germany policy," combining this with the warning that "it will be interesting to see how long government action will still be

perceived as action on behalf of the majority." Put another way, the chancellor has to guard against a headwind in parliament, for the FDP too wants to become more active in the inter-German business. The Liberals have managed to obtain the chairmanship in the Inner-German Committee of the Bundestag.

There is profound disappointment among the Social Democratic Germany policy people. They continue to charge that the chancellor last August canceled the meeting with SED chief Erich Honecker precipitously. Because of the uncertain situation in Poland, the minister for inner-German relations, Egon Franke, at the time had called in vain for replacing the ambitious visit, by special train and with a corps of correspondents and a tour of the city, with a trip to the GDR for a brief talk in the company of only a few advisors.

After the cancellation, Franke had been upset and had demanded of Schmidt that he be given greater responsibility also in the operational part of Germany policy. He claimed the right like Gunter Huonker, minister in the Office of the Chancellor, to be able to summon the state secretaries responsible for Germany policy. Following suit, Schmidt said: "Egon, you are the cabinet minister responsible for this area."

So far there has been no more than a shifting of responsibilities. Marie Schlei says bitterly: "As yet Helmut Schmidt has not managed continual encounters with the chairman of the State Council. What has happened so far cannot be covered by the term of normalcy."

True, the Wehner aides too realize that the constant new tricks by the East Berliners are doing away with all prospects for a summit meeting. But Brandt, Wehner and comrades are taking exception to the analysis by the Office of the Chancellor that the GDR government is executing all the Abgrenzung [delimitation] measures, from compulsory currency exchange to travel restrictions for performers, on Moscow's instructions and at present, as Huonker puts it, is hardly in a position to take "steps in a forward direction."

According to the critics of the chancellor's course, this estimate fails to appreciate the fact that the GDR with its new policy vis-a-vis the Federal Republic is reacting to developments within the Eastern bloc but does not intend to move away from the policy of detente with Bonn. It is "not necessarily an ice age" that is imminent, says Austrian Federal Chancellor Bruno Kreisky, who talked with Honecker in Vienna last week.

In Germany-policy expert Schlei's opinion, "we must at long last base ourselves on the overall conditions of the other side, on its subjective sensibilities." In cancelling his trip, Schmidt had failed to consider "the sovereign decision of the other side and its own interests." One must "not simply brush off the table" Honecker's signals that he continued to be interested in an inter-German meeting. Via Vienna Honecker had sent a message to SPD Chairman Brandt that he had "clearly understood" the signal of the DER SPIEGEL interview and was now hoping for feelers from Bonn.

In the very near future already, independently of the government, the SPD Bundestag deputies intend to try to resume contacts with the GDR People's Chamber, dormant since Wehner's surprise in 1973.

Initial papers have been drafted, and lists of positions for conversations drawn up. Proposals range from opening the borders "round the clock" to complicated legal questions about returning GDR refugees who are minors. SPD chairman for Germany policy Hans Buechler comments: "The fraction is no longer standing idly by."

Late last week, the Office of the Chancellor reacted. A conference of state secretaries with Huonker in the chair scheduled a comprehensive closed session on Germany policy for early next year.

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CSO: 3103

NATO PROBLEMS REQUIRE STOCKTAKING, FORWARD LOOK

DW111406 Frankfurt FRANKFURTER RUNDSCHAU in German 11 Dec 80 p 3

[Commentary by Ulrich Mackensen: "The Quarreling Pact"]

[Text] Brussels--The harsh spanking given by Harold Brown, the U.S. secretary of defense who is still in office, to the NATO allies because of their doing not enough for defense is more than just irritating. It casts a light on the state of an alliance whose individual members obviously have quite different ideas with regard to the term cooperation in partnership. It does not help that Brown's reprimand constitutes a farewell barking which is supposed to cover up the lack of an ability to bite, something that has often been missed in the past.

It is pleasant how moderately NATO has reacted to developments in Poland. The extension on station of NATO fleets in the Atlantic and the Channel, as well as the dispatching of four AWACS early warning planes from the United States to Europe cannot be misinterpreted by anybody as sabre rattling. The alliance partners should not abandon their current restraint.

But all the other things going on in the alliance of 15 sovereign states, particularly in the coordination places, make NATO appear at present as clumsy, tough and--as regards the quarrel about the defense budget increase by the famous real 3 percent--even petty. The clumsiness depends on the sovereignty of the member states. But that is not a sufficient explanation and not an excuse at all. When have ideas been ventilated, for example, on the long-term influence emerging from armament planning on strategy? All countries complain about financial misery, but hardly a country seems to be prepared to view long-term defense planning from the angle of even more scarce budget resources.

Can certain expensive arms systems, planned long ago, not be replaced by other less expensive systems? Would it not be possible just to name an example, for the Federal Republic to intensify the conventional strength of the army and particularly antitank weapons, renouncing the "Tornado" in exchange, while another country takes over more air defense tasks in return? As regards "Tornado," however, nothing much can be done. The cost problem will turn out to be an ever recurring problem in the years to come.

Why must almost every alliance country have all three army branches--army, air force and navy? Division of labor in joint strategic planning could be very

effective here militarily as well as with regard to costs. Or does the clinging of the countries to their branches maybe indicate a certain mutual mistrust?

Defense planning, more intense cooperation, naturally under the uncontested leadership of the United States, but not under its insistent tutelage, ought to be the main issues to be handled by the alliance. The intellectual capital exists, particular in international staffs such as those at NATO headquarters.

But such impulses do not come under the current secretary General Joseph Luns, who does not want to accept the fact that he can no longer cope with his office and therefore will not vacate his post voluntarily, so that the honest intentions of some politicians to add some more pep to the discussions do not help much.

Stronger division of labor in the alliance down to the level of territorial forces, defense planning that is more than just counting tanks, political cooperation based on confidence--these are actually all logical and natural demands. Their fulfillment would have the effect, by the way, of bringing the foolish 3 percent debate to an end.

NATO is not (yet) in a crisis. But relations between Europe and the United States have been upset. New impulses do not come, or are being slowed down by the toughness of the apparatus. The alliance needs some stocktaking and a forward look.

CSO: 3103

WEINSTEIN VIEWS WEST'S GULF STRATEGY

DW161555 Frankfurt FRANKFURTER ALLGEMEINE in German 16 Dec 80 p 12

[Article by Adelbert Weinstein: "Bases Are Lacking in the Oil Zone"]

[Text] Honolulu, in mid-December--The United States considers itself a Pacific power: "...because of our geographic position, because of our history, our trade relations, and because our interests so command" (Ambassador Mansfield). This is why the Supreme Command in Honolulu is the biggest among the four U.S. command centers. It has dual strategic missions: surveillance of the opposite coast in Asia and constant control of the Pacific sea area and of the Indian Ocean. What emerges from the dual purpose is one goal: keeping the Hormuz Strait open and safeguarding the communication routes from the crude oil extraction installations of the Middle East to the ports of the Western industrial nations.

This way of phrasing the mission is relatively new. In World War II it was only important to hold the strategic opposite coast. Another Pacific power, Japan, contested the U.S. position of predominance in the Pacific. After the Japanese defeat the United States controlled the entire region. But the victory had its price. Loser Japan turned into a protege; albeit a cooperative protege. The war in Korea and the campaign of the Asian armed forces of the United States could be waged only because Japan became the turntable and bastion of U.S. logistics.

Even today the deployment in the Persian Gulf is inconceivable without Japan's help. The Pacific economic great power Japan is a pillar in the strategy of the military great power America. In Honolulu the Japanese ally has been included in the military coordination system as a solid quantity. Admiral Davis, the U.S. supreme commander of the Pacific Fleet, said in this connection: "Despite the great distances separating us, the fact remains that our two nations hold the Eastern and Western access to the Pacific. We are next-door neighbors, because geographically no other country is closer between Japan and the United States. And half-way between the American continental states and Japan there is the U.S. island State of Hawaii with my headquarters. This seems to me to have a symbolic meaning, for my command forms the bridge connecting us."

To the admiral the island of Japan is a moored aircraft carrier from which the air forces of the Pacific Command can pursue a sort of forward defense. Japanese ports and shipyards offer the Pacific Fleet accommodation and repair options. What the

Japanese ask in return is that units of the U.S. Seventh Fleet patrol its waters: as a deterrent force for the Soviet Far-East Fleet and its air force. This is called "constructive partnership" in Honolulu.

This cooperation has accelerated the psycho-strategic confrontation of Japan with the Soviet Union. The pressure by the Russians on the Japanese has been growing ever since an increase in the U.S. engagement off the Persian Gulf took shape. Using an indirect strategy Moscow intends to dull the maritime spearhead of the United States in the Indian Ocean. Beginning in May of this year the Kremlin multiplied its public charges against the Japanese. Europe, alarmed by Afghanistan and worriedly looking toward Poland, and the United States, shaken by the election campaign, noticed only marginally the pinpointed Russian campaign against Tokyo. Just as the Russians tried to separate the Europeans from the Americans by means of their propaganda actions against the neutron bomb and the NATO decision on the closure of the arms gap, they have been seeking for half a year now to incite the Japanese against the United States. The Soviet policy is also aimed at shaking Japan's reputation as an economic partner of the West. Moscow accuses the politicians in Tokyo of "destroying" the industry of the states of the European Community through an uninhibited export offensive. And in anticipation of Japan's forthcoming security policy, Moscow denounces Tokyo as a warmonger because it will presumably buy 100 modern F-15 airplanes from the United States.

The Russian attacks have not remained totally ineffective on Japanese businessmen. They fear they will lose the market in Siberia. Besides, they hope for orders for the improvement of Soviet war ports in the Far East. The Japanese Government, however, refuses to relax the economic restrictions applicable to the Soviet Union since the Russian aggression against Afghanistan. Voices even increase which advocate an increase in the number of divisions for the Japanese Armed Forces and which demand a strong Japanese sea defense. Japan depends on Middle East oil. It believes it is acting correctly in strategic respects if it preserves for the U.S. Fleet in the Indian Ocean a politically and militarily sound foundation in the rear zone of the deployment area.

The military instrument which is to solve the second and most important part of the mission of the Pacific Command, is still incomplete. The U.S. Armed Forces have too few planes and as good as no infantry. Certainly, the navy can keep the Strait of Hormuz open and safeguard the sea routes. But the strategic mission is more far-reaching. If the protection of the energy sources is to be safeguarded and if the oil is to be safely transported from the place of production to the Western ports, the strategic Mideastern zone must at least in part be "controlled" by America. Control must be defined as follows in this case: the military presence of America should provide the feeling of relative safety to peaceful oil-producing countries. And finally the presence of American military power would also be a signal for the Soviet Union. It would mean: we stand here. This is our field of interest. We will not be expelled from the energy sources.

Such a strategy calls for two things: first, sufficient American ground forces and second, bases for these divisions; in addition, also modern airbases. But neither the infantry is available immediately, nor are deployment areas available for the ground forces. The U.S. Air Force must operate from carriers for the time being or from faraway bases in Diego Garcia.

This reality curtails the American strategic initiative in the Middle East. One can neither bring influence to bear on the Iraqi-Iranian war, nor could discrete Soviet action in the region be prevented. America could counter a Soviet military move only with the threat of unleashing a local nuclear war, or it would have to capitulate before the fact. That is an intolerable situation. The United States does not have conventional military forces at its disposal which would produce credible deterrence against adventures.

If one were nevertheless to accept a fight, it would be tantamount to a risky military gamble. The 30,000 men of the 82d Airborne Division, and the brigade of marines which could be used, would have to first establish a bridgehead. An American general predicted that such an enterprise would probably have to be paid for with the loss of all American troops involved. First, the numerical strength of the units is insufficient. Second, they would be arriving gradually because of the air transport. Some 14 days to 3 weeks would elapse before the last men would have arrived at the combat front. They would thus be destroyed group by group. Such conventional planning would be neither a substitute for an--unimaginable--regional nuclear war, nor could it be termed power projection, that is, the transformation of military power into political action.

The transport of a strategic fire brigade by air cannot replace the absence of military bases in the Middle East. Even supposing that sufficient American rapid deployment forces would be available as of 1985, it does not mean at all that they could bring influence to bear on the situation. The U.S. Army builds much too heavy tanks. The new XM-1 tank weighs 60 tons. It means that only 2 tanks can be loaded into one of the enormous C-5 transport planes. Hundreds of flights would be necessary to bring in the materiel needed by the troops in order to fight. The transport costs of one plane's flight for 18,000 kilometers (from the U.S. West Coast to the Gulf region) amount to 221,000 [?U.S.\$]. Those who have to think in such financial figures think past military reality.

So the Pacific Command can solve its task only if the policy of the Washington government makes bases and support points available. These installations must not be located on the periphery of the Gulf zone. They must be developed within the strategic region. But that calls for a different Middle East policy than the one pursued by the Carter government. Following the advice of security adviser Brzezinski, the outgoing administration avoided demanding depots, barracks, and stationing places in friendly Arab states for the rapid deployment force which was about to be set up. It was stated that the strategic situation and the psychological situation called for a "subtle policy." That ruled out the presence of American troops in the Middle East. This thesis calls into question the entire security policy of the United States in the oil zone.

Without bases, military power cannot be transformed into political action. President Reagan will now have to decide whether the Pacific Command will be given all the means demanded by the strategic mission.

CSO: 3103

ECONOMIC BENEFITS EXPECTED FROM EEC ACCESSION

Athens ATHENS NEWS in English 25 Nov 80 p 3

(Text)

GREECE expects from its accession to the European Communities exactly what other countries which established them or later joined them expect, advantages deriving from close cooperation and implementation of a complete policy in economic and social sector. Prime Minister George Rallis told permanent correspondent of ARD in Greece, Wolfgang Pfeiffer, in an interview which SWF radio of Southwestern Germany broadcast yesterday.

Preparations for accession, Mr. Rallis said, in essence

began in 1962 with Greece's association agreement with the EEC. The Customs union for industrial products had followed the provisions of the association agreement. Accession, however, was an entirely different matter, for it submitted the whole of Greece's economy to the Community. As of Jan. 1, Mr. Rallis stressed, the Common Agricultural Policy, which means a radical change in Greek agriculture, will also apply to Greece. Greece will also gradually implement the status of Community relations with

the Third World.

RADICAL CHANGE

The anticipated change of the Greek economy will be radical, Mr. Rallis said. Since signing the Accession Treaty in May 1979, intensive efforts have been made to prepare the necessary institutional framework for implementation of Community secondary legislation.

Greece, Mr. Rallis said, expects that with its participation in the European Communities its position in the political sector will be strengthened in the international arena, as is the case with all other member countries. Also, democratic institutions are consolidated, since European Community membership anticipates the functioning of a representative system.

In the economic sector, Mr. Rallis went on, Greece expects advantages that the Common Agricultural Policy (CAP) and the big European market will give to Greek agriculture. It is also expected, he added, that Greek industry will benefit from advantages offered by the big Community market.

Mr. Rallis stressed that there is no possibility of Greece's accession to the EEC being abrogated. There is no doubt, he added, that the New Democracy will win the next elections, at the end of 1981, because among other reasons "our pro-European policy, we are certain, is approved by the great majority of the Greek people."

GOOD RELATIONS

Referring to Greece's relations with the Federal German Republic, Mr. Rallis stressed that Greek-German relations "are very good and friendly" and that existing cooperation in all sectors — political, economic, scientific, etc. — "must be considered as positive." In example of the level of Greek-German relations was the positive and constructive stand of the Federal German Republic vis-à-vis Greece's accession to the European Communities. This stand, Mr. Rallis underscored, has been especially appreciated in Greece. Naturally, he added, there are always margins for even greater progress in relations, for an even greater understanding of the other's problems, of the needs and conditions prevailing in the other country for formation of the proper policy towards that country.

Regarding West German military aid to Greece, the Prime Minister said that aid rejected by the Greek Government was the one-time special military aid offered at the beginning of this year. Greece, Mr. Rallis added, did not refuse regular military aid given to it and Turkey for a number of years now within the framework of NATO, which aims at supporting the common defence of the Atlantic Alliance. It is a system of co-operation among NATO member countries aiming at strengthening the defence and deterrent strength of the Atlantic Alliance. This system provides for a more just allocation of defence burdens.

NATO MEMBER

Mr. Rallis disclosed that Greece already has begun to participate as a full member, through its permanent representatives, in the meetings of the NATO Defense Planning Committee (DPC) from which it had been absent since its withdrawal from the NATO military structure. He also disclosed that Greece has begun to transmit early warning data to the allied authorities and that Greece, fully and on equal terms participates in all committees of the NATO military structure.

Referring to domestic matters, Mr. Rallis said that the New Democracy Government, with the 1975 Constitution, consolidated the unlimited freedom of the trade unions and recognised the right of all working people to strike, at the same time abolishing any provisions that were likely to be considered as hindering the smooth exercise of the people's personal rights.

Referring to student agitation in Greece, Mr. Rallis said that the student movement shows a special briskness due to the fact that during the seven-year dictatorship Greek students had been deprived completely of freedoms that students of free Western democracies enjoy. The Greek government, Mr. Rallis said, with the co-operation of professors higher educational institutions, is trying to stop certain "exaggerations" of the student movement. There are serious indications that most of the Greek students support the government.

COMMENTARY ON DISPARITY OF EEC AGRICULTURAL POLICY

Rome RINASCITA in Italian 31 Oct 80 p 14

[Article by Gian Paolo Cesaretti, of the Portici University Agricultural Department: "The EEC Is Not 'Regional' Enough"]

[Text] The awareness is growing that the problem is not just finding new instruments of public action. It is necessary that the Community's policy in the 1980's address problems presently too big for individual countries. The example of agricultural prices and the different kinds of products in the various regions.

The present debate on the necessity of a thorough revision of Community agricultural policy seems to be gradually developing an awareness that the problem to be solved in developing our agriculture, especially in the South, involves something more than the search for new instruments of public action. The basic question is how to have EEC policy in the 1980's explicitly take over some problems that are now being left strictly up to the individual countries. Among these problems, reducing regional disparities is probably one of the hottest potatoes. However, accepting such an objective at the Community level with equal dignity for all parties also means that a thorough revision of Community agricultural policy will have to be started.

In fact, we are convinced that a Community agricultural policy that would actually take such an objective into consideration would have to undergo three profound modifications: (1) a different allocation of financial resources from the EAGGF [European Agricultural Guidance and Guarantee Fund] among policies of structure and prices; (2) a new equilibrium among the various Common Market organizations in the application of Community principles (unit price market, Community preference, financial solidarity); (3) the elimination of mechanisms of intervention that discriminate, within any Community regulation, between both farmers producing in different areas (wealthy regions take up more financial resources than poorer ones) and farmers working for different kinds of markets (fresh or processed produce, domestic or export markets).

As concerns the first proposal, it is not necessary to support it with arguments that are obvious to all. There actually appear to be no adequate answers to regional disparities, which are due to the various levels of comparative disadvantage between productive areas; this reduces to a minimum the availability of financial resources for institutional policy. Nor will it help either to apply a policy of unitary prices

throughout the Community, as is presently the case. By its nature, a policy of unitary prices like the present one tends to put a premium on the most efficient structures, thus accentuating regional disparities. The reason for the two other necessary modifications--on which more complete proposals are to be based--resides in the fact that a "perverse" use has been made of price policy, to the detriment of some strategic sectors of parts of the Italian South, which is among the most afflicted by territorial imbalances of various kinds. This policy has contributed to productive resources' leaving strategic sectors in the southern regions and being only partially utilized in others, and where the comparative disadvantage of these regions may yield productivity entirely inadequate to make up for the decline in supply in strategic sectors and for the partial non-use of the country's resources.

To support these statements, we think it necessary to furnish some data. The main components of the Community's present price policy are: (1) the elimination of intra-community barriers; (2) protection against foreign trade; and (3) EAGGF expenses (guarantees).

Their present function is theoretically intended to raise the level of European agricultural demand proportional to comparative advantage and equitably among all farmers. However, if we take, for example, two strategic sectors in the Italian south, wine and fruit, these three CAP [Common Agricultural Policy] components actually play a very marginal role. We must conclude that the direction of product development in these two sectors has remained substantially dependent on a single variable: demand on the national market.

As concerns wine, the potential effect of creating a Community free trade area--which should have caused an increase in demand--has remained very limited because many European countries have kept what is known as a high excise tax on wine. Also, the level of foreign protection has barely come to about 13 percent. This is quite a modest rate compared to that of such products as winter wheat (188 percent), barley (159 percent), sugar (172 percent), meat (95 percent), and milk (303 percent). Even the EAGGF support quota on wine has always been rather modest. Although wine has averaged about 5 percent of the Community's agricultural production in the last 5 years, it has received no more than 1-1.5 percent in fund guarantees.

Fruit growers say the same thing. The level of protection has been practically nil (because of insufficient protection mechanisms and preferential agreements with countries competing with Italy) and has made almost negligible the potential advantages in the creation of the Common Market. To this can be added the sluggish flow of EAGGF financial resources: in the last 5 years, it has guaranteed funds at an average of 2.5 percent, despite this sector's accounting for 12 percent of the Community's agricultural production.

Since these two sectors have been deprived of Community support though they have exceeded the national level, they have not been able to stimulate the Southern regions as everyone hoped when the European Economic Community was founded. In fact, it is estimated that wine production declined in 1964-67, negative 4.1 percent in real terms; however, fruit production grew by only about 19 percent.

We believe cereals and olive oil policy can be criticized for other reasons. Despite a rigorous application of the three aforementioned CAP components, grains declined in all Italian regions (in terms of salable regional production). The only exception was Friuli, which is particularly suitable for corn.

This shows that (corn aside) grain supports have not been an element of regional development, at least in the case of the weaker regions. In these regions this policy has served only to slow down an increasingly rapid abandonment of marginal productive resources without actually constituting an adequate element of farm income support. Considering that some 1.11 percent of EAGGF support has been directed to these sectors in the Community, it is easy to imagine that there would have been financial resources adequate to a policy of income integration, if there had been the political will to have one.

In the less marginal productive areas, excessive support for grain production (but not income) has acted, rather, as a rigidifying element in every case, because the displacement of resources into these more intensive sectors has been slowed or stopped, though at greater risk. Olives showed an increase in its quota of production salable in Italy from 4.4 percent to 4.9 percent.

If we analyze the EEC market policy, we see that CAP's contribution to this result is due to greater protection against imports (60 percent) and a level of EAGGF support that noticeably exceeds the sector's influence in Community production (4 percent of EAGGF guarantees as opposed to 1 percent of EEC production).

However, when it comes to creating a broader market area, a largely negative effect is noted, which is linked to the fact that when CAP was founded and despite subsidies to olive growers, olive oil prices had to compete with those of vegetable oil and animal fat and were largely disfavored. The final result has been a drastic drop in demand for olive oil in favor of the other kinds of oil. At the same time, total gross receipts for less efficient companies operating in more disadvantaged areas have remained at levels inadequate to promote production. In many cases today, olive growing is a very inefficient sector that is unlikely to yield adequate income.

A last notable example of the EEC's present price policies' inability to respond adequately to the problems of disadvantaged regions comes from a sector commonly considered to be "strong," the milk and cheese sector.

In recent years, this sector has absorbed an average of 38 percent of EAGGF guarantee funds. However, this quota has been distributed very unevenly within the community. Italy had an average quota of 11 percent of the milk and cheese sector in 1975-77 and received in the 3-year period 7.9 percent, 2.5 percent and 0.2 percent of EAGGF funds. Since 73 percent of EAGGF funds allocated to this sector in Italy goes to a restricted group of processed foods (mainly butter and Parmesan cheese) and only the remaining 27 percent goes to fresh food products, it means that once again the South has been discriminated against by the present policy. Besides, some regions of northern Italy, because of the creation of the Common Market and the successive application of compensatory monetary imports, has faced heavy competition from northern European regions (Germany, in particular).

As a result, this area of the market has contracted noticeably. In some cases, north Italian regions have tried to cover the market quota of the center-southern regions, thus putting another obstacle in the way of developing these sectors in regions already negatively conditioned by comparative disadvantages in animal production.

In conclusion, the present EEC price policy in various cases seems to us to be inconsistent with the pursuit of regional policy objectives. Hence, modifications become inescapable; in the framework of a price policy shaped more according to regional requirements, these changes will contribute to meeting such objectives as the reduction of territorial imbalances.

However, as regional disparities depend heavily on structural conditions, we do not think that just any price policy, however much it might expand EAGGF supports, can of itself perform the task of reducing these disparities.

If the objective of reducing regional disparities is ever to be given its full due in the context of Community policies, no agricultural policy can in fact contribute to pursuing this objective without being based securely on suitable structural measures integrated by a market policy that has been completely rethought from the ground up.

8782

CSO: 3104

GOVERNMENT OKAYS USE OF TEAR GAS BY POLICE, CONSTABULARY

Rotterdam NRC HANDELSBLAD in Dutch 30 Oct 80 p 3

[Text] The Hague, 30 Oct--The use of CS-gas, a kind of tear gas, will not be suspended. Neither will there be additional research into possible medical consequences.

This was Minister Wiegel's (internal affairs) reply to Second Chamber member Van der Spek's (PSP [Pacifist Socialist Party]) questions.

Wiegel's reply, also given on behalf of his colleague De Ruiter (justice), indicates that the use of CS-gas (o-chlorine benzylide enmalononitril) is recommended by the committee for weapons and supplies for the municipal and federal police. Wiegel's reply indicates that this recommendation is based on research by the medical laboratory of the TNO [Netherlands Central Organization for Applied Natural Scientific Research] and a British laboratory.

Both investigations are said to have shown that the gas is effective in low concentrations and does not cause lasting damage to eyes, breathing passages, and skin. It is said to possess a higher degree of safety than the other tear gas, the CN-gas (chloring acetophenon). According to Wiegel there is hardly any danger that accidents will occur, even under extremely unfavorable circumstances. Van der Spek raised his questions in connection with the forced evacuation of the illegally occupied building de Vogelstruys in Amsterdam last spring, when the police used CS-gas.

10319

CSO: 3105

DEN UYL FAVORS EUROPEAN POLICY OPPOSING 'U.S. MILITARISM'

Rotterdam NRC HANDELSBLAD in Dutch 2 Dec 80 p 7

[Summary of speech given by Former Prime Minister and current Labor Party Leader in the Second Chamber J. M. den Uyl at Pomona College, California on 2 Dec 80: "A European Policy Against U.S. Militarism."]

[Text] Today Mr J. M. den Uyl gave a guest lecture at Pomona College in Claremont, California on "The Consequences of the World Economic Crisis for Relations between the United States and Europe." The abridged lecture printed here is part of a series in this paper on the Europe-United States relationships: Prospectless Disintegration in the Europe - U.S. Relationship by Mr H. A. F. M. O. van Mierlo (31 Oct and 1 Nov), Europe Must Defend Itself against the Reagan Policy by Mr M. van der Stoep (7 Nov) and Gloom over Reagan Not Justified by G. van Benthem van den Bergh (13 and 14 Nov). Articles on this subject by Members of the Second Chamber J. P. van Iersel (CDA [Christian Democratic Appeal]) and F. Bolkestein (VVD [People's Party for Freedom and Democracy]) are still to follow.

The face of the world has been thoroughly altered since Henry Kissinger gave his "Year of Europe" speech in April 1973. Kissinger contemplated a revival and strengthening of the Atlantic Community. The Vietnam war was finished. World-wide negotiations on the removal of trade obstructions were about to start. A new era seemed to have started.

Everything turned out different. The past year showed signs of permanent friction between the United States and Western Europe. Detente came to a dead end. Tensions have increased. And more than before, differences are showing up between the United States and Europe on the manner in which current problems should be faced. Those differences occur with respect to an answer to the economic crisis, but they are also very prominent with respect to relations with the Soviet Union and the attitude toward the Third World.

Causes of the Crisis

The coming period is of vital importance for relations between the United States and Europe. A number of joint choices to be made in these areas must be given substance. In that, Europe will have much more individual responsibility than in the past. One must prevent existing differences in opinion and emphasis from growing into substantial friction between the United States and Europe.

A first condition to arrive at joint standpoints is an agreement in the understanding of the nature of the economic crisis and the tendencies which are at its base.

Naturally the oil price increase and the related shift of purchasing power from non-oil producing countries to oil producing countries has had a very disturbing effect on the world economy. But it would be shortsighted to blame that completely or even predominantly for the continuation of the economic crisis.

The decline of economic growth has more profound causes. Of great importance for the collapse of the world economy was the break in the international monetary system of Bretton Woods in 1971. That had become unavoidable as a result of the inflationary financing of the Vietnam war by the United States and led to a devaluation of the dollar with respect to the most important European currencies and the yen which has lasted the entire decade. It was also the expression of the decreased power of the American economy.

In itself the decreased share of the United States in the world economy did not have to lead to a decrease in world trade, but in fact the growth of world trade was halved in the seventies and the decline of the Western economy also dragged other economic regions along with it.

In surveying the picture of the manner in which Europe and the United States have reacted to the energy crisis, there is little reason for satisfaction. There is not much cause for the United States and Europe to mutually reproach each other for this bad course of events. The ambitious and courageous plans of President Carter to arrive at a coordinated energy saving policy largely failed. Nor in Europe was a meaningful energy saving policy brought into being.

The OPEC thus far has functioned as a capitalist cartel and there is not much reason to express admiration for it. But the course of confrontation toward the OPEC which the West has stubbornly pursued in the past years is shortsighted and doomed to failure.

What is necessary is the bringing about of long-term agreements with commitments as to the amount of production and investments and price development. A number of producers are willing to make such commitments. In Europe the willingness to go along with that is stronger than in the United States. It is an important point of friction and will increasingly prove to be so in the coming years.

Limited Growth

On the surface it looks as if there is a great deal of agreement in an organization such as the OECD on the manner in which the crisis in the world economy must be fought. Below the surface there are profound differences, however. The position of the United States deviates from that of Europe in the sense that the limits of the economic growth are less visible there than in densely populated Europe.

Besides, the United States has realized an important growth in employment in the middle of the seventies, although it was at the expense of inflation which runs into double digits. In Europe one is more conscious of a permanent limit to

economic growth and the necessity flowing from that for a much more active government policy with respect to job opportunity. On the surface the picture appears to be that all parties are calling for an answer to the crisis which reads: fight against inflation and expansion of growth. Below the surface, it appears that in the United States the desire prevails for limiting government intervention and strengthening of the elements which have played such a big role in traditional capitalism, thus a decrease in taxes and an increase of industrial freedom.

On the basis of the tendencies which show up in Europe, a sharp contrast in the views on the economic policy to be pursued should not be deemed out of the question. That could easily contribute to a further separation in a political and social respect between the United States and Europe. The philosophy of Milton Friedman has its supporters in Europe and triumphs in the United Kingdom today, but I think it is possible that in most European countries the development will take the opposite direction of a greater willingness of the government to carry direct responsibility in fighting the crisis. And further separation is also threatening in areas where the policy with respect to the Third World is at stake.

North-South

With respect to the North-South relationship, the seventies have been years of discontinuity, instability and stagnation. Awareness of that impasse is stronger in Europe than in the United States. Through the Treaty of Lome, Europe has acquired its own position with respect to the Third World. Sweden and the Netherlands are observing the agreements made for that decade of giving 0.7 percent of the gross national product to development aid. Within the framework of the Euro-Arab dialog a systematic discussion takes place between the rich European countries and the Arab countries, some of which are among the poorest in the world. Certainly in the Netherlands, where a decision was made by the cabinet under me to spend 1½ percent of the net national income on development aid, there is a clear political majority which takes seriously the necessity of a breakthrough in the North-South relationship.

Certainly in the circle of socialist parties in Europe, willingness to continue to resign oneself to processes of delay, in which the United States is seen as the chief offender, is decreasing. In this context I am mentioning a proposal for a world employment plan. At the instigation of Jan Tubbergen, a devoted socialist and recipient of the Nobel prize for economy, a proposal for a World Employment Plan has been designed by Wim Kok, chairman of the European Alliance of Trade Unions, Jan Pronk, adjunct secretary general of UNCTAD and me.

The essence of it is to develop for all economic-geographic regions in the world the setting of a task for adaptation of existing industries and of the direction in which they should develop their economic growth. I will discuss it shortly with Kurt Waldheim. I consider it an essential complement to the Brandt Commission Report. It expresses the conviction that the necessary adaptation of Western industry to the economic development of the Third World is acceptable and can be realized only if that happens within the framework of a task-setting plan based on the mutual interests of industrialized and developing countries.

Within the socialist parties, in following up on the Brandt report, more and more emphasis is being put on the connection between disarmament and development.

Opposition to defense expenditures is increasing. Willingness is increasing to transfer means now spent on defense objectives to development aid.

The decline of the economic significance of the United States and the loss of face due to the Vietnam war and Watergate were coupled with a hesitating start toward Europe's own leadership within Europe. The creation of the treaties of Moscow and Warsaw in the framework of the German Ostpolitik is still being seen in Europe as an important contribution in the process of detente. In any case, in Europe the opinion is widely spread that Europeans know better how to get along with the Soviets than Americans do. The fact that detente has been subject to erosion since Helsinki '75 is in great measure attributed to the clumsy and tactless behavior of the United States. Naturally the criticism on the performance of the Carter Government plays an important role in that. After the exhaustive discussions held on that in the United States itself, I don't feel the need once again to give a summary of the criticism and what is seen as a lack of consistency.

President Carter acted with a program aimed at damming up nuclear energy, bringing the plutonium economy under control and limiting the nuclear arms race. The years behind us, however, have become symptomatic of the abandoning of limits on the plutonium economy, attempts to introduce the neutron bomb, the NATO decision to import 572 Pershing II and cruise missiles into Europe and the non-ratification of SALT II.

At the beginning of the seventies it proved possible to conclude a four-power treaty with the Soviet Union with respect to Berlin, to bring about the treaties of Moscow and Warsaw, to liberalize passenger transport between the FRG and the GDR, to start the MBFR [Mutual and Balanced Force Reductions], to successfully conclude the Conference on Security and Cooperation in Europe at Helsinki in 1975 and to negotiate on SALT II.

Seen as a contradiction in that context are the pressure to arrive at an increase of defense expenditures by 3 percent in 1977, 1978 and subsequent years, the proposal to introduce the neutron bomb in 1978, the pressure to import new medium-range nuclear arms into Europe in 1979, the introduction of a new, strategic nuclear arms system, the MX, in the United States and the decision to establish a Rapid Deployment Force.

These elements in American behavior are rationalized by referring to the strong increase of armament by the Soviet Union, the indirect interventions of the Soviet Union in Africa, the necessity for safeguarding oil imports from the Persian Gulf and naturally the Soviet occupation of Afghanistan. At present I can not go into a consideration of each of the mentioned events separately, but I believe that two differences in approach can be pointed out which are of great significance.

In the first place, in Europe there is much more willingness to accept the fact that the Soviet Union strives in practically any area of armament for equality with the United States. Such striving can be explained by the Soviet need for security. And it certainly can also be explained by the need to play a role equal to that of the United States. Those who live close to the Soviets, such as the Europeans, are aware of the enormous lag in standard of living and organization of the Soviet Union with respect to Western Europe and the United States.

Against this background there is less of a tendency to interpret the relative increase of Soviet armament as an increased willingness for aggression. European leaders such as [German Chancellor] Schmidt and [French President] Giscard who have considerable contact with the current Soviet leaders are convinced of the desire for peace of at least the current generation of Soviet leaders. I have not had much understanding for the aggressive tone and classical show of distrust of the Brzezinski type.

Secondly, in Europe there is a more shaded opinion on the actual position of power of the Soviet Union. The Soviet Union has given valuable support to its befriended regimes in Africa, Angola and Ethiopia, but it lost its most important point of support, Egypt, and on balance, it has gained little. The slowdown in economic growth is also plaguing the Soviet Union and in particular the East European countries. The developments in Poland can not be seen separated from unemployment and a decline of real wages. The concept of the American superiority, let alone that of Fortress America, is irritating in this situation. The moral condemnation of one superpower by the other is even more irritating.

I didn't come here to practice the sport so popular in Europe of criticizing the United States, but I can't avoid saying that, in my opinion also, the picture of hesitation and division which Western Europe has shown with respect to the American appeal for boycotting the Olympic Games must primarily be blamed on the lack of care with which the United States itself has operated in that respect. The increase of nuclear armament is not well understood in a situation in which the American Government did not neglect to point out that the destructive capacity already available now in nuclear arms is many times the amount necessary to destroy the world. The NATO decision to place new nuclear arms came about with the greatest difficulty and in its execution will run into strong opposition and division within the alliance.

It is a frequent presumption that this resistance in Europe is due to an upward valuation of the Soviet system. That is out of the question. The following of the communist parties in Western and Southern Europe has decreased rather than grown. To the degree that by "Finlandizing" is meant the fact that Western Europe is increasingly neutral toward the Soviet System, it is based on incorrect observation. There is undiminished resistance to that system but not by any means, and certainly not if the cost would have to be thought of in the apocalyptic terms of a nuclear war. Against that background the recent reformulation of the nuclear strategy by the American president, in which the idea of a limited nuclear war is fostered, is meeting increasing opposition.

With respect to the Middle East, European leaders have shown themselves increasingly willing to leave room for the Palestinian people to form their own state, naturally not at the expense of Israel. The impression is that if the United States is going to act according to statements of incoming President Reagan, the chance for peace with the Middle East will be decreased instead of increased.

Europe's independent role is given expression by initiatives such as that of the Luxembourg (former) Minister of Foreign Affairs Thorn. So far they have not been very successful, but in 1981 they will result in a renewed Euro-Arab dialog which will not have to be limited to the problems of Israel and the Palestinians which have been the central issue in the European approach until now. The Euro-Arab

dialog does justice to the changed relations between the United States and Europe and to Europe's great interest in stable and good relations with the Middle East.

There is great concern about the intentions of the United States with respect to the protection of its interests in the Persian Gulf. There is a feeling that in that respect the United States is more interested in military guarantees than in the acquiring of political support. Yet, the core of the friction between the United States and Europe may lie precisely there. Europe, without its own defense community and living under the umbrella of the American nuclear guarantee, this past decade has learned to search for political solutions and political means without threatening military interventions or the use of military force. On balance, Europe has done well in that. As a result, the strong emphasis on military superiority and military means by the United States finds little sympathy.

If one tries to sum up the picture of the past 10 years, it becomes clearer and clearer that in a period in which nuclear deterrence is a fact, nations are dependent on a policy of gaining sympathy and support, consolidating spheres of influence through peaceful means and abandoning violence.

Strict Limits

The model of Ostpolitik is very useful in illustrating the new political role of Europe. In the framework of the Atlantic cooperation Europe carries its own responsibilities with respect to problems which are within its range. That position analysis has its own dynamic elements and does not always have to lead to a policy which is identical to that of the United States.

In Europe this individual role has economic, political and unavoidably also defensive dimensions. Outside of Europe it is primarily a matter of an economic role, supported by political initiatives. Often-heard notions such as a "task division" between the United States and Europe are too sterile. There *is* [in italics] a difference in interests and judgments. Just look at the newly initiated contacts between East and West. Naturally the difference in position may not amount to a rigorous division between the United States' carrying out of deterrence and Europe's carrying out of detente. That is a caricature which, for that matter, shows very well how essential it is to come to a jointly formulated conception of security.

The European allies will be inclined to draw strict limits where it is a case of preventing a new armament spiral. For that matter, they mutually differ also on the question of the degree to which the negotiation process can be stimulated through unilateral steps. But the United States will have to entrust Europe with its own role.

8700
CSO: 3105

CDA CONGRESS MARKED BY POLITICAL 'WINDOW DRESSING'

Amsterdam ELSEVIERS WEEKBLAD in Dutch 18 Oct 80 p 19

[Report by Piet Goosen: "My Dear People, We Really Cannot Go On This Way"]

[Text] The flux of general political remarks and Christian observations of last week has made it clear that the problems in the world, and more particularly in the Netherlands, are "gigantic," but the solutions are not simple.

At the CDA [Christian Democratic Appeal] congress, Premier Van Agt cast himself as the advocate of a new "economic order," but at the Inner Court you do not see much of that. There is still a lot of "window dressing" in politics.

What did our great political leaders have to report to the people last week in the general political remarks? A bouquet of dire predictions:

Ruud Lubbers (CDA): Crisis, man is becoming confused, alienation and distrust, blurring of standards, Dutch society is facing hard times, the economy is breaking down and at a standstill, we are in the process of consuming our children's future.

Kees Rietkerk (VVD [People's Party for Freedom and Democracy]): We are sailing off into a prospectless valley of rain and mist, unemployment and poverty; basic reorientation of the welfare state is required; the time of surplus is over; stifling collectivism.

Joop Den Uyl (PvdA [Labor Party]): Increasing protest particularly among the young, increasing disbelief that politics offers the answers; doubt that politics can undo unemployment, can drive away the housing shortage and guarantee peace, a dangerous atmosphere of distrust in politics, the controllability of society is at stake, powerlessness is becoming greater, there is increasing despair, impotence reigns, a guiding policy is needed, practiced guidance....

Jan Terlouw (D'66 [Democrats of 1966]): The most serious economic crisis since World War II, discouragement all round, the search for more welfare has taken the best out of the people, trust and inspiration are needed.

Many fat words, precise analyses during the political observations, but no answers or solutions. Seldom have the impotence of and the confusion among politicians been so demonstratively displayed.

Prime Minister Van Agt unwittingly put that impotence neatly in words. On the high unemployment and the 40,000 to 50,000 job seekers added annually, he said heavily: "A fantastic problem, a problem of gigantic dimensions."

But also: "In the Millions Bill [the budget] we are not taking any spectacular steps, we are not doing any window dressing."

Ria Bekkers (PIR [Political Party of the Radicals]) had the right of it: "Sure, a few knots will be cut through, but that does not solve anything for the real problems. For no matter how it goes, they do not mean for very much to be changed."

For last Saturday there was also the CDA fusion congress and that had to become a festival of fraternization between the "bloodgroups" [the former Catholic People's Party, Anti-Revolutionary Party and Christian Historical Union].

Van Agt said, "We are not doing any window dressing," but the congress was one great show window of tomfoolery. Lubbers' sermon clashed violently with the practical course of events in the Inner Court: On the one hand to say that the fourth sector (providing services without a profit motive) as far as he is concerned should be called the primary sector, and that the issue must not be reduced to a financial problem, and on the other hand to support a cabinet through thick and thin whose prime minister says that the fourth sector cannot be expanded because it cannot be paid for; on the one hand to say that "we are entering into a new style of governing to solve the problems," and on the other hand to maintain the old style of governing; on the one hand to say that we are in the middle of "the economy of sufficiency," and on the other hand to have passed a CDA conceptual program calling for 2.5-percent economic growth; on the one hand to express the need of a "New Deltaplan," and on the other hand to accommodate oneself to the extremely meager governing plans with only marginal alterations.

Order

Prime Minister Van Agt, talking about the suffering in the world, about the 30 million children who die annually from malnutrition, about the 800 million people who live at the edge of existence: "This is a situation that cries out to heaven. How do we dare to keep on calling ourselves Christians if we do not do everything in our power to bring about an improvement in it? Not only through aid projects, but also by devoting ourselves to a revision of the economic order of the world." Applause.

Prime Minister Van Agt as an advocate of a new economic order? And which one then? How does he dare?

"We are not doing any window dressing." Naturally, Lubbers and Van Agt do not have any patent on this sort of empty preachifying, but it was particularly remarkable in the flux of the general and the Christian observations. When Den Uyl, for example, talks about the lack of trust in politics, as a part of the political system he ought to thrust the bloody fist into his own bosom too.

Saturday evening on the way to the CDS congress, we heard Professor Van Maarsseveen, professor of political science, on the car radio: "Parliament and the political parties have become ends in themselves, ideology in itself. The organizations

are important, not the result. There is a gaping gulf between the people and parliament."

That gulf threatens to become an unbridgeable abyss, even though there are meager signs of repentance. "Perhaps politics asks too little of itself," says Lubbers. Yes, politics does ask that.

"Bring the economy closer to the people," Lubbers said several times in the Chamber. What he meant by that is not clear. A written course for everyone in verbal confusion? For, as Ria Bekkers quite rightly said, "each economist has a different story." The economy is not an autonomous process. The people make the economy. So Lubbers must mean a recognition; to make the people aware of the (damaging) effects, and he did that, too, at the CDA congress, but he does not attach any political conclusions to that. As with a Sunday sermon, the edifying words go in one ear and out the other: On Monday, it is back to business as usual.

In the Netherlands there are not any people living on the edge of existence and no children are dying of hunger. Still, we obviously, according to Van Agt, have "gigantic problems." Unemployment, naturally. "In Den Uyl's strong hands" (the prime minister said), in his cabinet period, in part as a result of the first energy crisis, it increased to above 200,000. Now unemployment is rising in the gentle hands of Van Agt and in part as a result of the new energy crisis and the recession towards 300,000.

No one knows what to do any more. Neither the cabinet nor the political parties dare to mention an unemployment goal any more, that is much too dangerous. Officials were already cautioning in private 4 years ago against mentioning a figure of 150,000 in the "specifications," because "they will hang you with that," but the brand new cabinet was still inexperienced then and enthusiastic. Now the current cabinet can be characterized by "God bless the attempt," in the form of tax reductions and wage moderation, and then just see what happens. The VVD adds, with comprehensive reductions in society security provisions.

The PvdA wants to create 35,000 new jobs next year "with accurate measures," and that too is only paper calculations, but at any rate it means that the PvdA, too, is willing to accommodate itself to at least 300,000 unemployed, for next year there will be another 40,000 to 50,000 job seekers. The CDS, as usual, is somewhere in the middle; it wants a little bit of everything in the shop window.

Ailing

The ailing economy, the waning industry, naturally has to be helped, for that is where the jobs have to come from, and everyone does agree to that. The question is not only whether that must be done by "general" or "directed" measures or with "the proper mixture," (said Hans Kombrink, as though he had that recipe in his pocket). The question is also to what extent the people, the incomes, have to pay for that or be moderated. Not only does the loss of buying power reduce domestic demand and thus production and thus employment, also in the event of such a stiff reduction of buying power a large number of married women could stream into the labor market in the attempt to jack up the dropping family income; for the mortgages and other complexities of our prosperous society have to be paid for. That can lead to even more unemployment.

'Gigantic'

Moderation, the loss of buying power, leads on the short term to further loss of jobs--tax reductions for industry, at least general ones, can only produce employment over the long term and that is the "gigantic problem" of Van Agt and his crowd. Really, a better distribution of the work available is the only remedy for the short term. You do not hear about work reductions across the board, shorter work weeks, from parliament. Lubbers in particular, but Den Uyl, too, wants more part-time jobs, particularly for the young, for "Den Uyl and I cannot afford to take part-time jobs," Lubbers said, meaning the elders.

Van Agt, stubbornly: "But reducing the hours of work per week has to go along with agreed wage reductions, and I do not see that happening. My dear people, we cannot go on this way."

But in fact, Van Agt starts with the young: The cabinet reduced the youth minimum wage, but not the number of working hours.

In the meantime, a splendid majority seems to be willing to be moderate, but the question remains whether everyone understands that to mean a loss of buying power. Another question is, how do we distribute the pain? The strongest shoulders have to carry the heaviest burdens, agreed--but really, Van Agt feels that there has already been enough leveling. Do the lowest incomes of all and the Welfare benefit payments also have to be reduced? Yes, says Rietkerk. No, says Den Uyl. "Treat as gently as possible," says Lubbers. And the government. According to the Millions Bill the minimum wages will have to decline 1.5 percent and the incomes above 33,000 guilders 1 to 0.5 percent. A peculiar notion of the strongest shoulders.

"We want a more acceptable distribution of the sacrifice than is contained in the Millions Bill," the prime minister says in the Chamber, but that distribution he is happy to leave to the social partners. So he writes what he does not want in the Millions Bill. And the social partners want various things, but particularly, they are waiting to find out what the government wants.

"My dear people, we cannot go on this way."

6940

CSO: 3105

PARTIES DEBATE FUTURE OF STATOIL

Oslø AFTENPOSTEN in Norwegian 8 Nov 80 p 5

[Article by Hans Chr. Erlandsen: "Big, Bigger Statoil"]

[Text] Statoil is big, and is getting bigger. The company has already stepped on so many toes by its behavior and size that skepticism is great as concerns its future development. Sensitive toes are found among both authorities and politicians, as well as in industry. Debate on the company's future has become hot, and will become hotter when Statoil's plans, guidelines for oil policy, and possible development of petrochemical industry in Norway appear on the Storting agenda during the next 6 months. A foretaste of this debate was heard on the program "At the Kickoff" on Thursday, between Hydro's board chairman John B. Holte and Finn Lied, Statoil board chairman.

Statoil's Special Position

As the state's lengthened arm in the oil activities, Statoil cannot be compared with the other oil companies. The state company has had assigned to it rights and tasks none of the others enjoy. The most important are:

--Ownership Shares. Since 1973, Statoil has received at least one half of the ownership shares in all blocks thus far allotted. In the "Gold Block" it has 85 percent. From blocks allotted prior to 1973, the state secured for itself the right to shares in some blocks if oil or gas were found. These "carried interest" agreements were transferred to Statoil, resulting in ownership shares of up to 40 percent.

--Sliding Scale. Since 1974 the state has for each allotted block negotiated a scale in which Statoil increases its ownership share as the size of the oil discovery increases. As an example, at first the company had a share of 50 percent in the "Silver Block" 30/16. But if the discovery becomes really large, the share increases to 80 percent. Other companies will then have their shares correspondingly reduced.

--Drilling. Statoil does not have to pay for expenses for drilling for oil and gas before they are found. The company does not risk throwing money out the window

if the hole turns out dry. Exploration expenditures must be shared among other participating companies. For the "Gold Block" and the blocks north of 62° N, Statoil covers part of the expenses Saga and Norsk Hydro would have had under this arrangement. That this applies to Northern Norway was due solely to a working accident in the Storting; a couple of Labor Party members were absent at a vote, which cost Statoil some 100 million kroner.

--Royalty Oil. Part of the oil and gas production must be paid to the state as royalty. The state has chosen to take the royalty as oil or gas. The oil is sold at the regular price to Statoil, which resells it. The company is thus an important trader in oil.

These advantages give Statoil a flying start over other companies.

An empty cigar box--the contents had been Black Man cigars--held Statoil's cash and postage stamps during the first year after its establishment in 1972. This year its turnover will be about 8 billion kroner. At the beginning of the 1990's Statoil will contribute 15-20 percent of Norway's gross national product. No industrial concern in the north will be able to measure up to the about 50 billion kroner in turnover the company will probably reach.

The fantastic growth in turnover, tasks, employment, and challenges experienced by Statoil in its 8 years of life are unequalled. From this point of view it is impressive that it has been possible to create a company that acts as a unit and doubtless consists of able people.

Under the leadership of Administrative Director Arve Johnsen, a team in his spirit has been created: aggressive, fearless, and seeing no problem as insurmountable. In recent years the team has increased by several hundred persons each year. It is estimated that at the turn of the year there will be about 1,000 employees at the main office in Stavanger.

The development of Statoil was driven through by such dominant personalities as Supreme Court Advocate Jens Chr Hauge and Director Finn Lied as board chairmen. The latter has held the position since 1974. Though Statoil was established by a unanimous decision of the Storting, the company has gradually assumed the stamp of being the Labor Party's own oil company. This probably bothers the technical part of the Statoil leadership. Even though Arve Johnsen does not agree that Statoil will tremble like a pig before the butcher if there should come a non-socialist government next fall, the company's employees worry about the attacks directed against it by the nonsocialist parties.

Except for a short period during the Korvald government, Statoil has had cabinet members of the Labor Party as its general assembly [sic]. Under Ingvald Ulveseth the company did as it wished. It was said that Arve Johnsen or Finn Lied strolled into the office of the prime minister, sat down on his desk, and told him how things should be done.

Although this is probably meant only as a picture of the situation, there came a change as Bjartmar Gjerde got a grip on things. For example, Statoil wished to

have the Gold Block to itself, but in the end Saga and Hydro received 15 percent together. What is exciting now is whether Arvid Johansen, the new oil and energy minister, will submit to sitting in Statoil's back seat, or whether he wants to take over the driving. If a new government should come into power next fall, great changes may come in the everyday operations of Statoil.

Norwegian oil policy was in the course of events set up unanimously by the Storting around the triumvirate the Oil and Energy Ministry, Statoil, and the Oil Directorate. Statoil has probably had less difficulty in finding its place than have the other two members of the triumvirate and has thereby gained strength.

By virtue of its great staff alone, Statoil is a challenge to the two others. Some officials in the Ministry are to evaluate proposals Statoil has spent large sums upon working out. The officials have gradually come to feel the need of playing other milieus in order to have counterproposals to make to Statoil. More than concern for safety in the North Sea was behind the Oil and Energy Ministry's strong engagement in finding the solution to the wage questions that almost destroyed the Oil Directorate.

At the present time an intensive tug-of-war is under way about the lines of further development in the North Sea. The Directorate and the Ministry have given priority to development of gas fields and collection pipelines, while Statoil would rather develop the "Gold Block." For the present the gas is in the best position, but Statoil has not given up hope of having its way.

The Storting has each year requested that Statoil's plans for the next year be presented to it. It was hoped that in this way control could be kept of what the company undertook. Because this reporting duty is found in paragraph 10 of the company's by-laws the plan is popularly referred to as the "paragraph 10 plan."

For many years the nonsocialist parties have complained that the plan contains too poor a basis for real control. Attempts have been made to improve it. But the entire course of dealing with the plan is such that the Storting has a poor starting point. The plan for this year contains nothing about development of petrochemical industry in Norway, a question that at the present time takes practically all of Statoil's time. And the plan for next year says nothing about cooperation with Swedish companies on distribution and sale of oil products in Sweden.

The cause lies in part in the fact that from the time Statoil delivers its first draft to the time the Storting deals with the plan 6 months passes. In oil activities much can happen during that time. The question is whether parliamentary control of the state company can be assured in other ways. There is concern in industry as well. A company of the size Statoil will reach will dominate the Norwegian economy. Few will dare challenge such a company, even though one thinks the challenge ever so justified.

The two other Norwegian oil companies of any size, Norsk Hydro and Saga, are in a special position. The Borten government had intended to assign to Hydro the role of being the state oil company, and Hydro still has difficulty in adjusting to the fact that Statoil exists. Ironically, Arve Johnsen at one time was employed by Hydro.

Despite the indisputably skillful assembly of experts, Statoil is in the future faced with risky and demanding tasks. The gas pipeline from Statfjord, possible petrochemical activity and refinery activity in Norway, the Heimdal field, Sleipner, and other developable fields will require great efforts.

The question is whether it is in Norway's interest for Statoil to take on too many tasks. In the cost analysis it is stressed that several milieus are needed in the oil companies so that projects can be compared for the purpose of discovering which solutions produce the best results. And with safety in mind as well, it is a question of how much is to be loaded onto Statoil's still young shoulders.

To Whom the Profits?

The discussion about Statoil's profits is older than the company itself. Until recently it was more of an academic question, simply because the company operated at a loss. Now, however, it is a matter of how many of the 15 billion in profits after taxes that are reckoned with are to end up in the state treasury during the 1980s. For the time being the government has adopted a wait and see attitude.

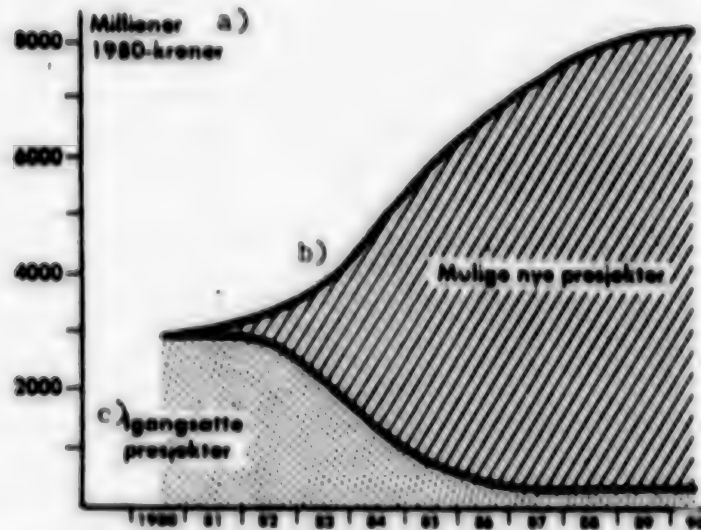
This year Statoil will for the first time show a profit: 170 million kroner for the concern as a whole. As early as next year it will be over 1 billion, with, at the same time, balancing out the deficit that has been brought along ever since the company was established. Along toward 1990 the annual profit could reach 4 billion kroner.

A committee has evaluated disposition of the surplus. The majority concludes that the state should draw as much as possible within the framework of the stock share law. It is pointed out that it is intended that society draws advantage from Statoil's activities. It is therefore not desired to tie the money up in a reserve fund for the company or to draw only smaller shares of the profit. Statoil does not have the same need as other companies to show its employees, its creditors, and the rest of society that it keeps its promises and pays its bills.

In the opinion of the majority of the committee, if disposal of the surplus is left to the state, Statoil's situation can be evaluated from year to year. If the company needs extra funds, the profit withdrawn can be smaller. In this way the desired flexibility is attained, in the opinion of representatives of the Oil and Energy Ministry and the Finance Ministry.

Statoil's representative had a different view. He sees his company as if it were like any other Norwegian industrial concern. It should have its own capital, a reserve fund, and a return on stock capital like other firms.

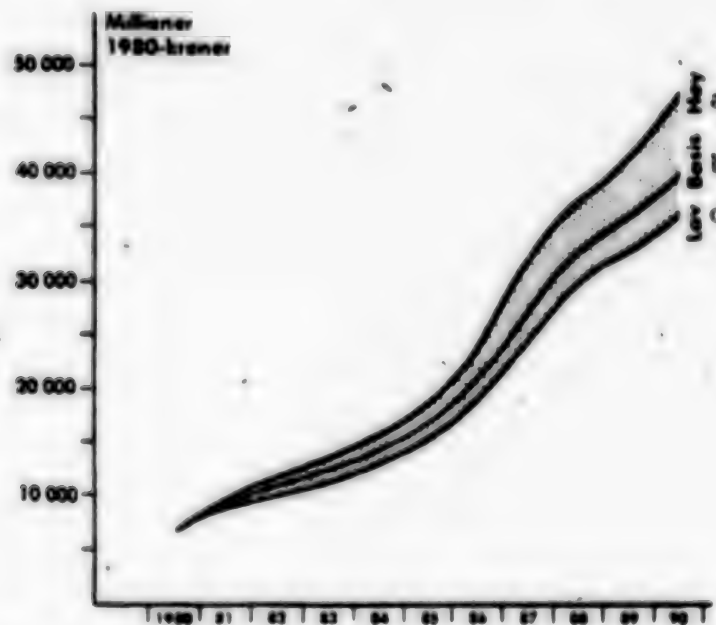
The difference in the recommendation between the minority and the majority will within some years amount to several billion kroner.



Statoil investments during the next 10 years, in 1980 kroner.

Key:

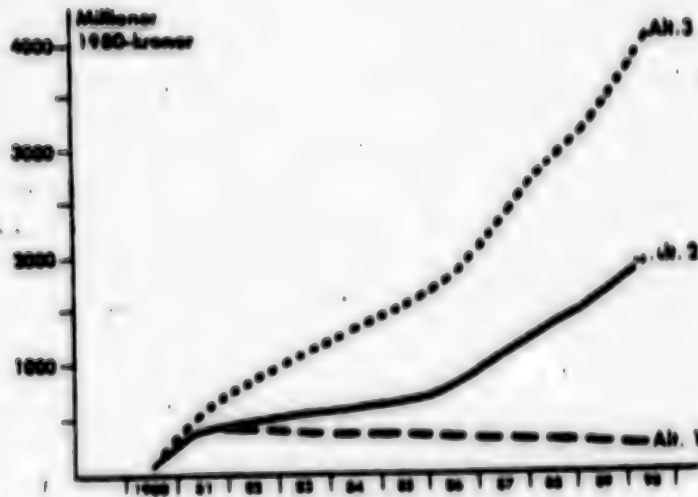
- a. Millions of 1980 kroner
- b. Possible new projects
- c. Projects started



Statoil turnover during the 1980s, in 1980 kroner. The three alternative curves are based on various oil price predictions.

Key:

- a. High
- b. Base
- c. Low



Statoil profit distribution under various alternatives. Alternative 1 shows a 15 percent distribution on stock capital. Alternative 2 is maximum distribution with simultaneous buildup of a reserve fund. Alternative 3 is distribution without the demand for a reserve fund. The majority advocates alternative 3, while Statoil's representative preferred alternative 1.

11,256
CSO: 3108

BRIEFS

WAGE PROPOSAL THREATENS EMPLOYMENT--Weakening of the ability of Norwegian industry to compete that will "eat up" almost all of the improvement gained in 1978 and 1979, is according to the Norwegian Bank Association the main problem caused by the economic plan for next year. Such weakening of the ability to compete can lead to a loss of employment of over 45,000 man-years in the course of 3 to 4 years unless countermeasures are taken. With the weak international economy, however, consideration for our foreign trade during the next few years can reduce our opportunities to undertake such countermeasures. [Text] [Oslo AFTENPOSTEN in Norwegian 8 Nov 80 p 5] 11,256

DEBATE ON ECONOMIC DEMOCRACY--The starting shot for a lengthy debate on expanded enterprise democracy has been fired following the Skytoen committee's proposal for expansion of the employees' representation on boards of directors to 50 percent. NAF [Norwegian Association of Employers] chief Paal Kraby has already condemned the proposal, while Industry minister Lars M. Skytoen this week criticized attempts to render suspect the motives for the proposal of the LO [National Federation of Labor Unions] and the Labor Party. Thereby everything is set up for a socialization debate between the partners in the economy. [Text] [Oslo AFTENPOSTEN in Norwegian 8 Nov 80 p 5] 11,256

CSO: 3108

POLITICAL TRENDS, PROSPECTS FOR FUTURE OF REVOLUTIONARY COUNCIL

LD051618 Paris Domestic Service in French 1200 GMT 5 Dec 80

["Exclusive" interview with Ernesto Augusto de Melo Antunes, member of Portugal's Revolution Council and chairman of Portugal's Constitutional Commission, by Paris radio's Didier Lecas on 5 December, presumably by telephone with Antunes in Lisbon and Lecas in Paris; recorded]

[Excerpts] [Question] Mr de Melo Antunes, you are in Lisbon at the headquarters of the Revolution Council whose number one you are. I recall that you were simultaneously the philosopher and strong man of the Revolution of the Carnations, one of the most active officers of those days of April 1974. In the government you have been the artisan of decolonization, and today, within the Revolution Council, you are jealously and scrupulously watching over the achievements of the April revolution. I thank you for being with us because it is the first time you have spoken on a foreign radio station since April 1974. As you may suspect, my first question is a topical one. The accidental death last night of the prime minister changes the political situation only 3 days before the presidential elections. Within the Revolution Council, how does one feel about it today and how does one place this accident within the present situation?

[Answer] Well, as you can well imagine, it is an unexpected situation; an absolutely new one which took us by surprise. It was with shock that we heard of the savage air accident and I want to say that my first words are to pay tribute to the memory of the prime minister and of all those [words indistinct] and defense minister who died in this brutal disaster.

[Question] They were men, but you recall they were your political adversaries to the point that they desired the disappearance of the Revolution Council. Does Mr Sa Carneiro's accidental death change the political situation today or not?

[Answer] I believe that the situation is qualitatively different today. We believe we shall have to face in the coming weeks somewhat more serious political difficulties but I am convinced that Portuguese democracy--this being already one of the more fundamental achievements of the April revolution--political democracy is sufficiently consolidated so as to overcome certain difficult situations. In other words, the democratic institutions are capable, in my view, of withstanding certain difficult situations. The institutions will function normally, are operating

normally, and the question currently arising from the political point of view is basically a very simple one even if from the point of view of its implementation it is a complex one. That is, that the president of the republic should carry out a number of constitutional formalities: he must appoint a new prime minister, hence a new government by rigorously observing the legislative elections of 5 October.

[Question] Mr Antunes, together with the Revolution Council you are backing the outgoing president, Ramalho Eanes. He himself is a product of the revolution. He is your candidate and, strangely, he is also supported by the Communist Party. Does the current political situation seem to you similar, or even quite similar, to that on the eve of the revolution?

[Answer] I believe so. I have my views on this subject and, in a few words, I believe that the Portuguese presidential elections, given the fact of universal suffrage, are above all a call to the citizens. Evidently the political parties are taking stands in support of various reelections. It is, however, above all to the citizen that one appeals in the elections for the president of the republic. Therefore, I believe that the question arising, the fundamental political equation is the following: General Eanes is representing a very important cross section of the Portuguese population [words indistinct] defense of the democratic regime, of the fundamental achievements and ideals of 25 April and which, I believe, are still considered by the majority of the population as essential values of our society. [Lecas asks about history of postrevolutionary development and alleges gradual erosion of revolutions achievements; Antunes praises policy of decolonization, political democracy and some economic achievements.]

[Question] One last question, Mr de Melo Antunes. You have overthrown the right, then one noticed the power of the left, the power born out of the revolution, being gradually eroded, as I was saying. In 1976 you wrote in LE MONDE: Without socialism there is no freedom. Already then you feared that your socialism could be eaten up little by little. Do you not have the impression today that Portugal is returning to its old loves, if I may say so, and that Portugal is turning toward the right?

[Answer] Well, [words indistinct] given the results of the legislative elections [words indistinct] last year and the latest legislative elections there has been a slide to the right within Portuguese public opinion. This is due to very varied and complex circumstances. It is very difficult to say in very few words in what the complexity of the phenomenon consists, but I will say one thing: in my view the fundamental responsibility for this slide to the right resides only partly in the objective conditions developing almost everywhere in Europe, namely the large economic difficulties. The economic crisis which has repercussions here in Portugal to a larger extent than in many European countries which, after all, possess structures which are more resistant to this crisis, stronger than the Portuguese structures. But there are also, in my view, the errors made by the left. The left in power, above all, has made deep errors, errors which have been very costly and I could make a huge list of the errors made since 25 April. I believe they are known even in France from the interviews I gave LE NOUVEL OBSERVATEUR, LE MONDE and so on where I exposed the errors made by the Portuguese Communist Party, [words indistinct] (?one of the main parties of the revolution) and then I am also critical of the Socialist Party during its stay in power.

BRIEFS

SOUTHERN AFRICAN PROJECTS FUNDED--Fifty million kronor from Swedish Third World aid funds will be given to regional cooperation projects between countries in Southern Africa, Swedish Foreign Minister Ola Ullsten announced at the opening of a ministerial meeting on regional cooperation in Mozambique capital Maputo on Thursday [27 November]. Increased regional cooperation would reduce the free states' dependence on the apartheid regime in South Africa, Ullsten said. [LD151149 Stockholm DAGENS NYHETER in Swedish 28 Nov 80 p 7]

PAKISTAN DISQUALIFIED FOR AID--Pakistan and Somalia will disappear from the list of recipients of Swedish aid. This is proposed by the government in next year's budget proposal, which will be presented in January. There has been a long internal struggle within the Swedish Development Agency SIDA on which countries should be struck off the list for Third World aid. The nonsocialists in SIDA want to retain Pakistan as a recipient nation. Third World aid will total 5.7 billion kronor next year according to the budget proposition. This is around 300 million kronor less than SIDA asked for. When the government's savings package was announced this fall Foreign Minister Ola Ullsten, who is responsible for Third World aid, announced an increase in Third World aid of 550 million kronor. This increase has now been fixed at 700 million kronor so that the 1 percent target can be maintained. But the size of Third World aid is computed on the lower GNI (Gross National Income) instead of on the GNP as in the past. [Text] [LD151147 Stockholm DAGENS NYHETER in Swedish 25 Nov 80 p 1]

CSO: 3109

THREAT TO RIGHTS OF THRACIAN TURKS EXAMINED

Istanbul CUMHURIYET in Turkish 13 Dec 80 p 3

[Editorial by Ali Sirmen]

[Text] A report was published in yesterday's CUMHURIYET concerning a meeting held in Komotini by West Thracian Turks. It was stated in the report that our West Thracian compatriots of Greek nationality, whose minority rights were guaranteed by the Treaty of Lausanne and further solidified in the statutes of later international agreements, are considering measures they may adopt in the face of the Greek Parliament's arbitrary actions.

The Turks of western Thrace have exhibited a major and justified reaction against the Parliament's changing the law on Turkish Foundations in that country. The new law does not afford the Turks the right to select administrative guidelines for foundations that belong to them and it prevents Turks from running them.

This attitude is without any doubt contrary to the letter and spirit of the Lausanne Agreement.

The Turks of western Thrace have now petitioned for the repeal of the decision. They have sent demarches to the guarantors of the Lausanne Agreement, the embassies of Islamic nations in Athens, and the Human Rights Commission.

In short, the Turks of western Thrace are trying to be self-reliant in all things.

A question arises:

I wonder what our West Thracian compatriots are feeling as they carry forward these efforts? For their efforts coincide with Joseph Luns' praise at the Brussels NATO Defense and Foreign Ministers meeting of the responsibility and understanding demonstrated by Turkish and Greek attitudes.

And at a time when the Turks of western Thrace are suffering disaster, I wonder whether they are not pondering what sort of understanding this is and if they are not asking themselves questions about it.

Do you still believe the Turks of western Thrace do not ask themselves the following questions?

Turkey has reduced to the lowest level its relations with Israel, which is obstructing by its intransigence, a permanent and just peace in the Middle East. Surely all people, institutions, and nations respectful of human rights and peace would have to react in this way toward Israel, which has no respect for the rights of the Palestinians. The decision must be supported and acclaimed in this regard. But why cannot this same Turkey deal with problems of ours that are closer to home and act toward Greece as it has toward Israel?

Our aim is not simply to level criticism at the foreign minister on this matter.

Our press--that is, we are now showing the same level concern for the problems of the West Thracian Turks as we have for the problems of people in a distant country.

A great hue and cry has sounded over events in Poland. Article, cartoons, and editorials follow one after the other every day. Let us not be misunderstood. We oppose foreign intervention in Poland no matter from what quarter or at the hands of whomever believes in dictating the fate of another nation. This is not only a right, it is a duty. But are we unable to muster at least half the concern for the problems of the West Thracian Turks that we have shown for Poland?

Another question comes to mind:

I wonder what would have happened had Greece not made such an easy and unconditional return to NATO's military wing at this time. Might it now be trampling just as easily upon the rights of West Thracian Turks?

Certainly our compatriots, who are self-reliant in all things, have asked themselves all of these questions.

And how do you imagine our compatriots in western Thrace have been feeling as they pose these questions and reach their own conclusions?

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